IMPORTANT NOTICE

THE ATTACHED BASE OFFERING CIRCULAR IS AVAILABLE ONLY TO (1) QIBS (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW)) OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following notice applies to the attached base offering circular (the "**Base Offering Circular**") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Base Offering Circular. In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer, the Guarantor, the Arrangers and the Dealers (each as defined in the Base Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE NOTES AND THE GUARANTEE DESCRIBED IN THE ATTACHED BASE OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE BASE OFFERING CIRCULAR AND ANY OFFER OF THE NOTES DESCRIBED IN THE BASE OFFERING CIRCULAR WHEN MADE ARE ONLY ADDRESSED TO, AND DIRECTED AT, PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("**EEA**") WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**") ("**EEA QUALIFIED INVESTORS**").

THE BASE OFFERING CIRCULAR IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE BASE OFFERING CIRCULAR AS A FINANCIAL PROMOTION IS ONLY BEING MADE IN THE UNITED KINGDOM TO QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**") OR (II) ARE HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED IN ACCORDANCE WITH THE ORDER (EACH SUCH PERSON BEING REFERRED TO AS A "**RELEVANT PERSON**"). THIS COMMUNICATION IS BEING DIRECTED (I) IN THE UNITED KINGDOM, ONLY AT RELEVANT PERSONS AND (II) IN THE EEA, AT PERSONS WHO ARE EEA QUALIFIED INVESTORS, AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO PERSON OTHER THAN A RELEVANT PERSON SHOULD RELY ON IT.

THE BASE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER

JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: By accessing the attached Base Offering Circular, you confirm to the Issuer, the Guarantor, the Arrangers and the Dealers that: (i) you understand and agree to the terms set out herein; (ii) you consent to delivery of the Base Offering Circular and any amendments or supplements thereto by electronic transmission; (iii) you will not transmit the attached Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (iv) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Notes (as defined in the Base Offering Circular). In order to be eligible to view the attached Base Offering Circular or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or acting on behalf of QIBs, or (2) not U.S. persons and outside the United States. The Base Offering Circular is being sent at your request and by accepting the e-mail and accessing the Base Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not U.S. persons and outside the United States, (2) unless you are a QIB or acting on behalf of a QIB, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and (3) you are a person who is permitted under applicable law and regulation to receive the Base Offering Circular.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Offering Circular to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The Base Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the applicable Arrangers or Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arrangers or Dealers or such affiliate on behalf of the Issuer, the Guarantor or holders of the applicable securities in such jurisdiction.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Arrangers or the Dealers, any person who controls any of the Issuer, the Guarantor, the Arrangers or the Dealers, any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Guarantor, the Arrangers and the Dealers. Please ensure that your copy is complete. If you received the Base Offering Circular by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Energy Development Oman SAOC

(incorporated as a closed joint stock company in the Sultanate of Oman)

GLOBAL MEDIUM TERM NOTE PROGRAMME

unconditionally and irrevocably guaranteed by

EDO GAS SPC

(incorporated as a sole proprietor company in the Sultanate of Oman)

Under this Global Medium Term Note Programme (the "**Programme**"), Energy Development Oman SAOC (the "**Issuer**" or "**EDO**", and together with its subsidiaries, the "**Group**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by EDO Gas SPC (the "**Guarantor**" or "**EDO Gas**"), a wholly-owned subsidiary of the Issuer.

Notes may be issued in bearer or registered form (respectively, "**Bearer Notes**" and "**Registered Notes**"). Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview*" and any additional Dealer appointed under the Programme from time to time (each, a "**Dealer**" and together, the "**Dealers**") by the Issuer and the Guarantor, which appointment may be for a specific issue or on an ongoing basis. References in this Base Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

Obligations under the Notes and the Deed of Covenant (as defined below) are obligations of the Issuer, and the obligations under the Guarantee (as defined below) are obligations of the Guarantor. Petroleum Development Oman LLC ("PDO") is not an obligor with respect to the Notes and holders of the Notes have no recourse to PDO.

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for Notes issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the London Stock Exchange's International Securities Market ("**ISM**"). This Base Offering Circular comprises admission particulars for the purposes of admission to trading of the Notes on the ISM. The ISM is not a United Kingdom ("**UK**") regulated market for the purposes of Regulation (EU) № 600/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"). **The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority ("FCA"). The London Stock Exchange has not approved or verified the contents of this Base Offering Circular**. References in this Base Offering Circular to Notes being "admitted to trading" (and all related references) shall mean that such Notes have been admitted to trading on the ISM, so far as the context permits.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in the "*Terms and Conditions of the Notes*" (the "**Conditions**")) of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which (in the case of Notes to be admitted to trading on the ISM) will be delivered to the London Stock Exchange. Copies of Pricing Supplements in relation to Notes to be admitted to trading on the ISM will also be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified or restated from time to time, the "**ISM Rulebook**"). The Guarantor entered into the deed of guarantee on 5 April 2024 whereby the Guarantor agreed to guarantee the Issuer's payment obligations under the Notes (the "**Guarantee**").

This Base Offering Circular does not constitute a base prospectus for the purposes of listing or an admission to trading on any market in the European Economic Area (the "**EEA**"), which has been designated as a regulated market for the purposes of Directive № 2014/65/EU (as amended, "**MiFID II**"). This Base Offering Circular does not constitute a base prospectus for the purposes of a listing or an admission to trading on any market in the UK, which has been designated as a UK regulated market for the purposes of UK MiFIR.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes or Notes not admitted to trading on any market.

Neither the Notes nor the guarantee of the Notes have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and such offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other relevant jurisdiction of the United States. The Notes are being offered and sold outside the United States in offshore transactions to non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) in accordance with Regulation S and, within the United States, only to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Issuer has been assigned a long-term foreign currency rating of BB+ (positive outlook) and a standalone credit profile of BBB- by S&P Global Ratings Europe Limited ("**S&P**") and a long-term foreign currency rating of BB+ (stable outlook) and a standalone credit profile of BBB+ by Fitch Ratings Ireland Limited ("**Fitch**"). Fitch and S&P are each established in the European Union (the "**EU**"), included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") and registered under the CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the UK and is registered in accordance with Regulation (EC) № 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). The rating issued by Fitch has been endorsed by Fitch Ratings Ltd. Fitch Ratings Ltd is established in the UK and is registered in accordance with the UK CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arrangers

J.P. Morgan **Standard Chartered Bank**

Dealers

J.P. Morgan **Standard Chartered Bank**

The date of this Base Offering Circular is 5 April 2024

IMPORTANT NOTICE

This Base Offering Circular comprises admission particulars in respect of all Notes issued under the Programme and admitted to trading, in accordance with the ISM Rulebook. This Base Offering Circular does not comprise a prospectus for the purposes of either Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and has not been approved as such by the competent authority in any member state of the EEA (each, a "**Member State**") or the FCA.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Base Offering Circular and the applicable Pricing Supplement for each Tranche of Notes issued under the Programme. Having taken all reasonable care to ensure that such is the case, the information contained in this Base Offering Circular is, to the best of the knowledge of each of the Issuer and the Guarantor, in accordance with the facts and contains no omission likely to affect its import.

In compliance with paragraph 1.2 of Schedule 1 of the ISM Rulebook, Sproule B.V. confirms it has taken all reasonable care to ensure the information contained in the Third-Party Reserves Report (as defined herein and included as Appendix C to this Base Offering Circular) for which it is responsible, is to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import.

The foregoing statement is required by, and given solely for the purpose of complying with, the ISM Rulebook. Except for the responsibility arising under paragraph 1.2 of Schedule 1 of the ISM Rulebook, to the fullest extent permitted by law, Sproule B.V. does not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with the third-party reserve report on 1P and 2P reserves attributable to the Issuer as of 1 January 2024 prepared by Sproule B.V. (the "**Third-Party Reserves Report**") or statements contained therein.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*", as supplemented by the applicable Pricing Supplement. This Base Offering Circular must be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Notes that is the subject of the applicable Pricing Supplement, must be read and construed together with the applicable Pricing Supplement.

Certain information under the headings "*Risk Factors*", "*Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Book-Entry Clearance Systems*" has been extracted from the following public official sources, including: the National Centre for Statistics and Information, the World Bank, Fitch Ratings, Inc., the Oman Ministry of Finance, the Oman Ministry of Energy and Minerals, the Organisation of the Petroleum Exporting Countries, the U.S. Energy Information Administration and the 2022 BP Statistical Review of World Energy.

Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The information on the websites to which this Base Offering Circular refers does not form part of this Base Offering Circular and has not been scrutinised or approved by the FCA.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Base Offering Circular in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer or the Managers, as the case may be.

No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Arrangers (as defined below) or the Dealers as to the accuracy or completeness of the

information contained in this Base Offering Circular, any Pricing Supplements or any other information provided by the Issuer or the Guarantor in connection with the Programme or the Notes.

None of the Arrangers, the Dealers, or the Agents or their respective affiliates have independently verified all of the information contained herein. Accordingly, none of the Arrangers, the Dealers, the Agents or their respective affiliates accept any responsibility or liability for and make any representation, warranty or undertaking, express or implied, as to (i) the accuracy or completeness of the information contained in this Base Offering Circular (including, without limitation, the Third-Party Reserves Report), (ii) any acts or omissions of the Issuer or the Guarantor or any other person in connection with this Base Offering Circular or the issue and offering of the Notes or (iii) any other information provided in connection with the Issuer or the Guarantor, or any Notes issued thereunder or their distribution. Each of the Arrangers, the Dealers, the Agents and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Base Offering Circular, the Third-Party Reserves Report or any other information provided by the Issuer or the Guarantor in connection with the Programme, the Notes or their distribution.

None of the Dealers or the Arrangers will regard any actual or prospective holders of Notes (whether or not a recipient of this Base Offering Circular and/or the relevant Pricing Supplement) as their client in relation to the offering described in this Base Offering Circular and/or the relevant Pricing Supplement and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Offering Circular and/or the relevant Pricing Supplement or any transaction or arrangement referred to herein or therein.

No person is, or has been authorised to give any information or to make any representation not contained in, or not consistent with, this Base Offering Circular or any other information supplied in connection with the Programme or the Notes or otherwise, or such other information as is in the public domain, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers or any of the Dealers.

Neither this Base Offering Circular, any Pricing Supplements nor any other information supplied in connection with the Programme or any Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer, the Guarantor, the Arrangers or any of the Dealers that any recipient of this Base Offering Circular, any Pricing Supplements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. See "*Risk Factors*". Neither this Base Offering Circular, any Pricing Supplements nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, the Arrangers or any of the Dealers to any person to subscribe for, or to purchase, any Notes.

Neither the delivery of this Base Offering Circular or any Pricing Supplements nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in the Base Offering Circular concerning the Issuer or the Guarantor is correct at any time subsequent to its date, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Offering Circular has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any purchaser of Notes of any information coming to their attention.

This Base Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Arrangers and the Dealers do not represent that this Base Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arrangers or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Offering Circular, any Pricing Supplements nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Notes in the United States, the EEA, the United Kingdom, Oman, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market), the Dubai International Financial Centre, the Abu Dhabi Global Market, the State of Qatar (including the Qatar Financial Centre), Singapore, Japan, Hong Kong and Switzerland. See "*Subscription and Sale and Transfer and Selling Restrictions*".

This Base Offering Circular has been prepared on the basis that any Notes with a minimum denomination of less than €100,000 (or the equivalent in another currency) will only be offered to the public pursuant to an exemption under section 86 of the Financial Services and Markets Act 2000 (the "**FSMA**").

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY NOTES.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II product governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes will include a legend entitled "UK MiFIR product governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), unless otherwise specified in the applicable Pricing Supplement, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

U.S. INFORMATION

This Base Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs, for information use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the U.S. Treasury regulations promulgated thereunder.

Registered Notes may only be offered or sold in the United States to U.S. persons who are QIBs in transactions exempt from the registration requirements of the Securities Act in reliance on, and in accordance with, Rule 144A, or any other applicable exemption. Each subsequent U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note (as defined below) or any Notes issued in registered form in exchange or substitution therefor (together, "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES COMMISSION OF ANY STATE OR OTHER U.S. JURISDICTION, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of the Issuer and the Guarantor has undertaken in a deed poll dated 5 April 2024 (the "**Deed Poll**") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer and the Guarantor is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder and otherwise will comply with Rule 144A(d)(4).

SERVICE OF PROCESS, IMMUNITY AND ENFORCEABILITY OF ARBITRAL AWARDS

Service of Process

The Issuer is a closed joint stock company incorporated pursuant to Royal Decree 128/2020. The Guarantor is a sole proprietor company incorporated in Oman with commercial registration number 1491751. All of the Issuer's and the Guarantor's directors and executive officers reside outside the United Kingdom and the United States, and the Issuer, the Guarantor and such persons may have limited assets in the United States and the United Kingdom. Accordingly, it may not be possible for investors to effect service of process within the United States or the United Kingdom on the directors and executive officers of the Issuer or the Guarantor or to enforce judgments against the Issuer, the Guarantor or such persons.

Immunity from suit

Under Omani law, no legal person in Oman is immune from suit. Further, any sovereign immunity of the government of Oman (the "**Government**") and its administrative units (including quasi-governmental entities) from process before the Oman courts was abrogated in relation to commercial claims by virtue of Article 1 of the Royal Decree 13/1997, amending the Royal Decree 79/1981. This position is confirmed by Royal Decree 29/2002, as amended (the "**Oman Civil Procedure Law**"), which, pursuant to its Article 13, confirms that summons may be delivered to departments of the state and public bodies, and Article 46, which confirms that suits against departments of state and public authorities and public bodies shall be filed before the Court located in the areas within which the head offices of such authorities and bodies are situated.

Immunity of public assets from attachment

Although the Issuer and the Guarantor are not immune from suit, public assets are protected from attachment in the event of legal proceedings against the Issuer or the Guarantor pursuant to Article 366 of the Oman Civil Procedure Law. This position was reinforced by the Civil Transactions Law (promulgated by Royal Decree 29/2013) (the "**Civil Code**") which, at Article 56, provides that immovable or movable assets owned by the state or public legal persons who have been allocated such assets for public benefit by virtue of law or by a Royal decree or by a resolution of the Minister of Finance, shall be deemed to be public assets, and such assets shall not be the subject of dispositions, attachment or acquisitive prescription. There can, therefore, be no assurance that any waiver of immunity from legal proceedings and attachments of the Issuer and/or the Guarantor will be enforced by the Omani courts. See also "*Risk Factors— Risks Related to Enforcement—The Issuer's and the Guarantor's waivers of immunity may not be effective under the laws of Oman*".

Enforcement of Arbitral Awards in Oman

Foreign arbitration awards may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law.

Oman has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "**New York Convention**") through Royal Decree 36/1998, and ratified the Riyadh Arab Convention of 1983 (the "**Riyadh Convention**") through Royal Decree 34/1999. Oman has been a party to the New York Convention since 1998, and the courts of Oman have recognised and enforced a number of foreign arbitral awards. However, the Issuer and the Guarantor are also aware of a recent case (*Vijay Tanks & Co LLC v Cape East Limited Company*) for the annulment of a foreign arbitral award in which the Supreme Court of Oman (the "**Supreme Court**") held that the courts of Oman did have jurisdiction to consider the substantive grounds on which the case for annulment is based. In reaching its ruling, the Supreme Court relied upon its interpretation of Article 29 of the Oman Civil Procedure Law which provides that the courts of Oman have jurisdiction over claims that are filed against Omani persons, regardless of their place of residency. Whilst it should be noted that there is no doctrine of binding precedent under Omani law, the decisions of the Supreme Court may be persuasive. The decision of the Supreme Court in this instance raises risks about the enforceability of awards rendered in respect of foreign arbitration proceedings involving Omani individuals or entities as such awards may be vulnerable to annulment proceedings by the courts of Oman. The Issuer and the Guarantor have otherwise no reason to believe that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention or that the subject matter of the award is against public order or morality in Oman. The enforcement in Oman of any of the obligations of the Issuer under any Notes or the Guarantor under the Guarantee (in each case, irrespective of whether the courts of Oman have given a judgment in favour of a party) will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If a foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), it may nevertheless be possible to enforce such award in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law, pursuant to which the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- the parties to the dispute were summoned to appear and were properly represented;
- it does not include any requests, the basis of which breaches the laws enforced in Oman;
- it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;
- the country in which the said judgment or award was signed accepts the execution of judgments of courts of Oman within its territories; and
- the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the courts of Oman, and the matter may have to be litigated *de novo* before the courts of Oman.

NOTICE TO OMAN RESIDENTS

THE INFORMATION CONTAINED IN THIS BASE OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OF SECURITIES IN OMAN, AS CONTEMPLATED BY THE COMMERCIAL COMPANIES LAW OF OMAN (ROYAL DECREE 18/19) (THE "**OMAN COMMERCIAL COMPANIES LAW**") OR THE SECURITIES LAW OF OMAN (ROYAL DECREE 46/22) NOR DOES IT CONSTITUTE A BOND OR SUKUK OFFERING PURSUANT TO THE BOND AND SUKUK REGULATIONS (DECISION 21/2024). THIS BASE OFFERING CIRCULAR WILL ONLY BE MADE AVAILABLE TO INVESTORS IN OMAN IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 139 OF THE EXECUTIVE REGULATIONS OF THE CAPITAL MARKET LAW (ISSUED BY CMA DECISION № 1/2009, AS AMENDED) (THE "**EXECUTIVE REGULATIONS**") BY AN ENTITY DULY LICENSED BY THE OMAN CAPITAL MARKET AUTHORITY (OR ITS SUCCESSOR, THE FINANCIAL SERVICES AUTHORITY (THE "FSA") AND ANY REFERENCE TO THE OMAN CAPITAL MARKET AUTHORITY SHALL INCLUDE THE REFERENCE TO THE FSA ACCORDINGLY) TO MARKET NON-OMANI SECURITIES IN OMAN.

THIS BASE OFFERING CIRCULAR HAS NOT BEEN (AND WILL NOT BE) FILED WITH THE OMAN CAPITAL MARKET AUTHORITY (EXCEPT IN ACCORDANCE WITH ARTICLE 139 OF THE EXECUTIVE REGULATIONS (IF REQUIRED)), THE CENTRAL BANK OF OMAN (THE "**CENTRAL BANK**") OR ANY OTHER REGULATORY AUTHORITY IN OMAN AND NEITHER THE OMAN CAPITAL MARKET AUTHORITY NOR THE CENTRAL BANK ASSUMES RESPONSIBILITY FOR THE ACCURACY AND ADEQUACY OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS BASE OFFERING CIRCULAR AND SHALL NOT HAVE ANY LIABILITY TO ANY PERSON FOR DAMAGE OR LOSS RESULTING FROM RELIANCE ON ANY STATEMENTS OR INFORMATION CONTAINED HEREIN.

ANY PERSON IN OMAN INVESTING IN ANY NOTES WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT THEY ARE ACQUAINTED WITH THE DOCUMENTS RELATING TO THE NOTES AND AWARE OF THE REWARDS AND RISKS OF INVESTING IN THE NOTES.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Offering Circular and any related offering documents may only be offered in registered form to existing accountholders and accredited investors, as defined by the Central Bank of Bahrain (the "**CBB**"), in the Kingdom of Bahrain, where such investors make a minimum investment of at least US$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

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

The CBB has not reviewed, approved or registered this Base Offering Circular or any related offering documents, and the CBB has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Offering Circular. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Offering Circular must be read by the addressee only and must not be issued, passed to or made available to the public generally.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the rules and regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia (the "**CMA**"). Any offer of Notes to any investor in the Kingdom of Saudi Arabia or who is a Saudi person must be made in compliance with Article 8(a)(1) (including the definitions in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority (the "**Glossary**")) or Article 9 and, in each case, Article 10 of the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the CMA pursuant to resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017), as amended by the board of the CMA resolution number 8-5-2023 dated 25/6/1444H (corresponding to 18 January 2023) (the "**KSA Regulations**").

The CMA does not make any representation as to the accuracy or completeness of this Base Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If you do not understand the contents of this Base Offering Circular, you should consult an authorised financial adviser.

NOTICE TO THE RESIDENTS OF THE STATE OF QATAR

Notes will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar ("**Qatar**") (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Offering Circular has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Qatar Stock Exchange or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar (including the Qatar Financial Centre). The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law № (11) of 2015 (the "**Commercial Companies Law**") or otherwise under any laws of the State of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF CANADA

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

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

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), so long as a concurrent distribution of the Notes is made to investors in the United States, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering. In the event that Notes are distributed to investors in Canada without a concurrent distribution of Notes to investors in the United States, the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest may apply.

IMPORTANT – EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to EEA Retail Investors**", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) № 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) № 2017/565, as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) № 600/2014, as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a "qualified investor", as defined in the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) № 1286/2014, as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**"), for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

Notes issued under the Programme may not be a suitable investment for all investors. Generally, investment in emerging markets such as Oman is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Each potential purchaser of Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes and the Guarantee, the merits and risks of investing in the relevant Notes and the information contained in this Base Offering Circular including, *inter alia*, in the section captioned "*Risk Factors*", or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms and conditions of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- is to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential purchaser should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

No comment is made or advice given by the Issuer, the Guarantor, the Arrangers or the Dealers in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Offering Circular (and any amendments or supplements thereto) may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Issuer's and the Guarantor's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should", "shall" and any similar expressions generally indicate forward-looking statements. Forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" and other sections of this document. The Issuer and the Guarantor have based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer and the Guarantor believe that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Offering Circular (or any amendment or supplement), if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer and the Guarantor have otherwise identified in this Base Offering Circular (or any amendment or supplement), or if any of the Issuer's and the Guarantor's underlying assumptions prove to be incomplete or inaccurate, the Issuer's and the Guarantor's actual results of operation may vary, potentially significantly, from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Overview of Oman and the Economy", "Industry Overview",* "*Business"*, "*Material Agreements" and "Regulation of the Oil and Gas Industry in Oman",* which include a more detailed description of the factors that might have an impact on the Issuer's and the Guarantor's business development and on the industry sector in which the Issuer and the Guarantor operate.

The risks and uncertainties referred to above include, among others:

- global energy prices;
- global economic disruptions, supply chain interruptions and new financial sanctions;
- climate change concerns and potential impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- the ability of each of the Issuer and the Guarantor to realise its strategy as well as the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the ability of each of the Issuer and the Guarantor to achieve and manage the growth of its business and to meet its investment objectives;
- exposure from the Issuer's and the Guarantor's ongoing projects, which expose them to a range of financial, regulatory, construction and other risks;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and the Guarantor and their customers operate;
- competitive pressures impacting the price at which the Issuer and the Guarantor sell their products;

- the performance of the markets in which the Issuer and the Guarantor operate and export their products to; and
- the ability of each of the Issuer and the Guarantor to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward-looking statements contained in this Base Offering Circular (or any amendment or supplement) speak only as at the date of this Base Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer and the Guarantor expressly disclaim any obligation or undertaking to update, revise, amend or correct any such forward-looking statements to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based.

BENCHMARKS REGULATION

Amounts payable on Floating Rate Notes (as defined herein) issued under the Programme will be calculated by reference to certain reference rates as specified in the applicable Pricing Supplement. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") and Regulation (EU) 2016/1011, as it forms part of UK domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Pricing Supplement may indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmarks Regulation or by the FCA pursuant to Article 36 of the UK Benchmarks Regulation. Administrators of certain benchmarks are not required to be registered by virtue of Article 2 of each of the EU Benchmarks Regulation and the UK Benchmarks Regulation and transitional provisions in the EU Benchmarks Regulation and the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Pricing Supplement. The registration status of any administrator under the EU Benchmarks Regulation and the UK Benchmarks Regulation, as applicable, is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any applicable Pricing Supplement to reflect any change in the registration status of the administrator.

PRESENTATION OF FINANCIAL, RESERVES AND OTHER INFORMATION

Certain terms

See Appendix A for a glossary of certain defined terms used in this Base Offering Circular, and see Appendix B for a glossary of certain measurement and technical terms used in this Base Offering Circular.

The Formation

On 3 December 2020, EDO was established, and, on 24 December 2020, it was registered as a company that is wholly owned by the Government of the Sultanate of Oman (the "**Government**") for the purpose of holding the Government's interests in Block 6. Block 6 is Oman's largest and most significant crude oil ("Oil") and gas operation. Prior to the incorporation of EDO, the Ministry of Energy and Minerals directly owned a 60 per cent. participating interest in the Block 6 concession for Oil, associated gas ("**AG**") and AG condensate (collectively, the "**Oil Concession**"), and a 100 per cent. interest in the Block 6 non-associated gas ("**NAG**") and NAG condensate operations. The remaining 40 per cent. participating interest in the Oil

Concession was and continues to be owned by Private Oil Holdings Oman Limited ("**POHOL**"), in which Shell Petroleum Company Ltd. ("**Shell**") owns 85 per cent., TotalEnergies S.E. ("**TotalEnergies**") owns 10 per cent. and PTTEP Oman E&P Corporation ("**PTTEP**") owns 5 per cent.

The Oil Operations and the Gas Operations (both as defined below) of Block 6 are conducted by PDO, a limited liability company registered in Oman. PDO is an operating company in which, prior to the incorporation of EDO, the Ministry of Energy and Minerals directly owned 60 per cent., Shell owned 34 per cent., TotalEnergies owned 4 per cent. and PTTEP owned 2 per cent. Pursuant to Royal Decree № 21/2021 issued on 24 February 2021 and a new Block 6 gas concession for NAG and NAG condensate (the "**Gas Concession**"), ratified by Royal Decree № 43/2021 issued on 6 May 2021, the Government's 60 per cent. ownership interest in PDO and the Oil Operations (as defined below) was transferred from the Ministry of Energy and Minerals to EDO on 24 February 2021, and its 100 per cent. interest in the Gas Operations (as defined below) was transferred to EDO on 6 May 2021. POHOL's interest in the Oil Concession and the ownership interests of Shell, TotalEnergies and PTTEP in PDO were unchanged. EDO and the Government also entered into an agreement for the sale of 100 per cent. of the NAG produced by PDO in Block 6 (the "**NAG Sales Agreement**").

On 21 June 2023, EDO incorporated EDO Gas, as a wholly-owned subsidiary and a sole proprietor company incorporated in Oman, to own the Gas Operations. Effective 1 July 2023, EDO Gas assumed all of EDO's responsibilities with respect to the Gas Operations. On 7 September 2023, EDO novated all of its rights, obligations and undertakings under the Gas Concession Agreement (as defined below) and the NAG Sales Agreement to EDO Gas. This transfer of rights, obligations and undertakings relating to the Gas Operations from EDO to EDO Gas is effective from 1 July 2023 (the "**Gas Operations Transfer Date**"). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments*" and "*Material Agreements*". Prior to the Gas Operations Transfer Date, the Gas Operations described in this Base Offering Circular were owned by the Government or EDO (as described above) and operated by PDO. Following the Gas Operations Transfer Date, the Gas Operations are owned by EDO Gas and continue to be operated by PDO using the same policies and procedures in place before the Gas Operations Transfer Date. References to the Gas Operations prior to the Gas Operations Transfer Date are to the operations owned by the Government or EDO, while references to the Gas Operations on and after the Gas Operations Transfer Date are to the operations owned by EDO Gas.

PDO is responsible for the following activities:

- undertaking all projects, operations and activities directly or indirectly related to the exploration, development, extraction, transportation, storage and delivery of Oil in accordance with the terms of the Oil Concession Agreement for Block 6 (the "**Oil Operations**"); and
- undertaking all projects, operations and activities directly or indirectly related to the exploration, development, extraction and transportation of NAG in accordance with the terms of the Gas Concession Agreement (as defined below) between the Government and PDO (the "**Gas Operations**"). PDO manages the Gas Operations.

For the purposes of this Base Offering Circular, the "**Formation**" refers to the formation of EDO and the effects of events that are directly attributable to the formation of EDO, principally the transfer of an Extension and Consolidation of Concession Agreement related to Oil (the "**Oil Concession Agreement**"), the grant of a concession agreement related to NAG and NAG condensate (the "**Gas Concession Agreement**"), the new fiscal regime for the Group's participating interest in Oil Operations adopted by the Government (the "**Fiscal Protocol**") and other related agreements (together, the "**Formation**"). For summaries of these documents, see "*Material Agreements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Fiscal Terms—Fiscal Terms Applicable to Oil and Condensate (AG and NAG) Revenues*". The Government's interest in the Oil Operations and Gas Operations

as held through the Ministry of Energy and Minerals is referred to in this Base Offering Circular as the "**Block 6 Operations**".

Presentation of Financial Information

This Base Offering Circular includes the Audited 2023 Financial Statements and the Audited 2022 Financial Statements, each as defined below. The financial information included in this Base Offering Circular is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations, which would apply if Notes were being registered with the SEC.

The Group's financial year ends on 31 December and references in this Base Offering Circular to 2023, 2022 and 2021 or any other specific year are to the 12-month period ended on 31 December of such year, unless otherwise indicated.

Audited Financial Statements

The financial information in this Base Offering Circular includes the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (including comparative financial information as at and for the year ended 31 December 2022) and the notes thereto (the "**Audited 2023 Financial Statements**"), and as at and for the year ended 31 December 2022 (including comparative financial information as at and for the year ended 31 December 2021) and the notes thereto (the "**Audited 2022 Financial Statements**", together with the Audited 2023 Financial Statements, the "**Audited Financial Statements**"). The Audited Financial Statements have been prepared in accordance with IFRS.

The Audited Financial Statements contain:

- PDO as a joint operation, proportionally accounting for 60 per cent. of the assets, liabilities and expenses of the Oil Operations,
- consolidated financial information with respect to 100 per cent. of the Gas Operations; and
- the Group's operations with respect to the revenues associated with the sale of Oil, condensate (AG and NAG) and NAG and the operational costs.

For the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, the periods between 1 January 2021 and 23 February 2021 for the Oil Operations and 1 January 2021 and 5 May 2021 for the Gas Operations are based on the principles of the combined and carve-out financial statements of the Block 6 Operations. The Group's consolidated financial statements as at and for the year ended 31 December 2021 were the first set of financial statements of EDO after the Formation. Although EDO was established on 3 December 2020, it effectively started operating from 24 February 2021, the date on which the Oil Concession was transferred to the Group. Following the transfer of the Government's interests in Block 6 to EDO, the combining entities or businesses continued to be ultimately controlled by the Government and the control was not transitory. Therefore, the transfer of the interest in the Oil Concession Agreement and the grant of the Gas Concession Agreement are acquisitions of businesses under common control. IFRS does not prescribe any specific guidance on business combinations under common control. The Group's senior management therefore has used judgement in developing an accounting policy that provides relevant and reliable information in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and applied by analogy the guidance relating to Business Combinations under Common Control as part of IFRS 3 "Business Combinations". The Group has chosen to retroactively account for the Block 6 Operations from 1 January 2021 in the comparative financial information as at and for the year ended 31 December 2021 in the Audited 2022 Financial Statements to reflect that the operations were always combined. It has also chosen to adopt the book value method to account for the acquisition of the Oil Operations and the Gas Operations at PDO and the Gas Operations' book values.

Accordingly, the comparative financial information as at and for the year ended 31 December 2021 in the Audited 2022 Financial Statements contains the full year of operations as if the different businesses were always combined. The initial months (e.g., 1 January 2021 to 23 February 2021 for the Oil Operations and 1 January 2021 to 6 May 2021 for the Gas Operations) are presented on the principles of the combined and carve-out financial statements of the Block 6 Operations. The terms of the key protocols and agreements relevant to the Group are applicable from the effective date of the respective agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Fiscal Terms*" and "*Material Agreements*".

Adjustments to Give Effect to the Royal Decree and Fiscal Protocol

Certain adjustments were made in the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements to reflect the transfer of the Oil Operations on 24 February 2021 and the Gas Operations on 6 May 2021.

All receivables relating to Oil as at 23 February 2021 and all receivables relating to NAG and NAG condensate as at 5 May 2021 were adjusted against invested capital for the Block 6 Operations, as the receivables were not transferred to EDO on acquisition. Furthermore, finance receivables and transportation cost payables as of 5 May 2021 were adjusted against invested capital for the Block 6 Operations as these receivables and payables, respectively, were not transferred to EDO on acquisition. Invested capital for the Block 6 Operations (e.g. Oil Operations as of 24 February 2021 and Gas Operations as of 6 May 2021) was transferred to EDO and recorded in "retained earnings" in the comparative financial information for the year ended 31 December 2021 in the 2022 Audited Financial Statements. The opening deferred tax asset/liability arising due to the timing difference between the accounting base and the tax base for the abandonment asset and abandonment provisions and the right-of-use assets and lease liabilities was recognised on the respective dates of the transfer of the Oil Operations and the Gas Operations. A deferred tax liability was not recognised with respect to the timing difference between the accounting base and the tax base on property plant and equipment as the Group availed itself of the initial recognition exemption under IAS 12 "Income Taxes".

The following table sets forth the impact of the transfer of the Oil Operations on 24 February 2021 and the Gas Operations on 6 May 2021 on the adjustments described above.

Adjustments to give effect to Royal Decree and Fiscal Protocol

	(US$'000)
Trade receivables	(1,499,609)
Finance receivable	(278,125)
Transportation cost payables	52,389
Total	**(1,725,345)**

Sources of Financial Information

As a result of certain reclassifications detailed below, the financial information included in this Base Offering Circular is derived from the following sources, unless otherwise stated:

- Financial information as at and for the year ended 31 December 2023 is derived from the Audited 2023 Financial Statements;
- Financial information as at and for the year ended 31 December 2022 is derived from the comparative financial information as at and for the year ended 31 December 2022 included in the Audited 2023 Financial Statements; and

- Financial information as at and for the year ended 31 December 2021 is derived from the comparative financial information as at and for the year ended 31 December 2021 included in the Audited 2022 Financial Statements.

Comparability of Financial Information

The comparability of the financial information for the periods presented in this Base Offering Circular has been impacted by the adoption of the Fiscal Protocol for Oil and the fiscal terms for NAG. For these reasons, the financial information as at and for the year ended 31 December 2021 is not directly comparable to the financial information as at and for the years ended 31 December 2023 and 2022. However, the Group has concluded that the effect of these changes is not material.

Fiscal Terms

As part of the Formation, the Government adopted the Fiscal Protocol for Oil and fiscal terms for NAG condensate set out in the Gas Concession Agreement. The Fiscal Protocol took effect on 24 February 2021 and the Gas Concession Agreement took effect on 6 May 2021. The fiscal terms include royalties paid to the Government on a weekly basis based on the Group's monthly revenue from the sale of Oil and AG condensate and taxes paid to the Government on income derived from its Oil and gas operations. AG condensate is commingled with Oil both operationally and legally and AG condensate production is included within Oil production. PDO does not separately monitor or record AG condensate production.

The fiscal terms also impact the accounting for Oil revenue, NAG revenue, condensate revenue, depreciation charge and abandonment estimates due to changes in reserves, finance income and transportation costs. The fiscal terms materially alter the results of operations of the Group and make the Group's financial information for the years ended 31 December 2023 and 2022 less comparable to the financial information for the year ended 31 December 2021. The Audited 2023 Financial Statements and Audited 2022 Financial Statements reflect the impact of the fiscal terms throughout the entirety of the years ended 31 December 2023 and 31 December 2022, respectively. Therefore the financial information for the years ended 31 December 2023 and 2022 is not directly comparable to the financial information for the year ended 31 December 2021, which reflects the impact of the fiscal terms between 24 February 2021 and 31 December 2021 for Oil and between 6 May 2021 and 31 December 2021 for NAG condensate. For a more detailed discussion of the fiscal terms and their impact on the Group's financial statements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Fiscal Terms*".

Oil Revenue

Prior to the effective date of the Fiscal Protocol, Oil revenue was determined and allocated based on the Ministry of Energy and Minerals' average selling price per barrel for export and domestic sales for the respective month by applying the same composition of export sales and domestic sales to total Ministry of Energy and Minerals sales. Under the Fiscal Protocol, from 24 February 2021, the Group has sold its share of Oil production to the Ministry of Energy and Minerals or designated customers at the price set out in customer agreements pursuant to the terms of the Oil OEB SPA with the Ministry of Energy and Minerals. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Supply, Demand and Price of Hydrocarbons—Oil*". Oil revenue was US$11,612 million for the year ended 31 December 2023 compared to US$11,712 million for the year ended 31 December 2022 and US$6,697 million for the year ended 31 December 2021. On 23 February 2021, the day prior to the transfer of the Oil Operations, all Oil receivables were adjusted against the invested capital of the Block 6 Operations because the receivables were not transferred to EDO on acquisition.

NAG Condensate Revenue

Prior to 6 May 2021 (the effective date of the fiscal terms), NAG condensate revenue was determined and allocated based on the Ministry of Energy and Minerals average Oman Export Blend ("**OEB**") selling price per barrel of NAG condensate for domestic sales for the respective month. Under the fiscal terms, since 6 May 2021 the Group has sold NAG condensate to the Ministry of Energy and Minerals or designated customers pursuant to the Oil OEB SPA at the price set out in agreements between the Ministry and its customers and agreed with the Group. NAG condensate revenue for the year ended 31 December 2023 was US$2,876 million compared to US$3,514 million for the year ended 31 December 2022 and US$2,577 million for the year ended 31 December 2021. On 5 May 2021, the day prior to the transfer of the Gas Operations, all NAG condensate receivables were adjusted against the invested capital of the Block 6 Operations because the receivables were not transferred to EDO on acquisition.

NAG Revenue

Prior to 6 May 2021 (the effective date of the fiscal terms), NAG revenue was based on the price at which NAG was sold to end-customers by the Ministry of Energy and Minerals. Under the fiscal terms, the Group sells NAG to the Ministry of Energy and Minerals (acting through Integrated Gas Company SAOC ("**IGC Oman**")) at fixed annual transfer prices, determined for each five-year period, starting from 6 May 2021 that is calculated using a "blended transfer price" methodology, which accounts for the economics of Block 6 gas projects. In the Audited 2023 Financial Statements and in the year ended 31 December 2022 in the Audited 2022 Financial Statements, NAG sold by the Group is considered revenue. In the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, NAG revenue is NAG sold by the Group from 6 May 2021 to 31 December 2021 and NAG sold by the Ministry of Energy and Minerals to end-customers between 1 January 2021 and 5 May 2021. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Supply, Demand and Price of Hydrocarbons—NAG*". NAG revenue was US$1,934 million for the year ended 31 December 2023, US$2,055 million for the year ended 31 December 2022 and US$2,259 million for the year ended 31 December 2021. On 5 May 2021, the day prior to the transfer of the Gas Operations, all NAG receivables were adjusted against the invested capital of the Block 6 Operations because the receivables were not transferred to EDO on acquisition.

Royalties

In the Audited 2023 Financial Statements, a royalty expense is accounted for Oil and NAG condensate for the entirety of the years ended 31 December 2023 and 2022, and in the comparative financial information for the for the year ended 31 December 2021 in the Audited 2022 Financial Statements, a royalty expense is accounted for Oil from 24 February 2021 and for NAG condensate from 6 May 2021. Under the Fiscal Protocol, the Group pays royalties to the Government on a weekly basis based on its monthly revenue from the sale of its 60 per cent. interest in the Oil produced from Block 6, calculated by applying the monthly OEB price ("**MOG Price**") for the nominated month of lifting multiplied by the number of barrels of Oil received by the Group after the deduction of barrels allocated as part of the Government's Pre-Export Financing (as defined below). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—FSA Barrel Transfer Obligation*" below. Accordingly, the amount of royalties payable is recognised as an expense at the time of production and shown in the Group's consolidated statement of profit or loss and other comprehensive income as "royalty expenses".

Pursuant to the 2023 Gas Concession NARA (as defined below), the Group pays royalties to the Government based on the monthly revenue from the sale of the NAG condensate entitlement. See "*Material Agreements—Gas Concession—Gas Concession Agreement and 2023 Gas Concession NARA"*.

Transportation Costs

In the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, prior to 5 May 2021 the Group was responsible for the transportation costs associated with

delivering NAG to the customer pipeline. Under the fiscal terms, the Group is not responsible for transportation costs, which are instead incurred by the Ministry of Energy and Minerals. Accordingly, in the Audited 2023 Financial Statements, transportation costs were nil, and for the year ended 31 December 2021 in the Audited 2022 Financial Statements transportation costs were recorded only for the period prior to when the fiscal terms became effective. In the Audited 2022 Financial Statements, transportation cost payables as at 5 May 2021 were adjusted against invested capital for the Block 6 Operations as the payables were not transferred to the Group on acquisition. As a result, transportation costs for the year ended 31 December 2022 were nil compared to US$74 million for the year ended 31 December 2021.

Invested Capital/Retained Earnings

In the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, invested capital for the Block 6 Operations (Oil Operations as of 24 February 2021 and Gas Operations as of 6 May 2021) was transferred to EDO and is recorded as "Retained earnings" in the financial statements of the Group.

Deferred Tax

In the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, opening deferred tax assets/liabilities arising due to the timing difference between the accounting base and the tax base for abandonment asset and abandonment provisions and the right-of-use assets and lease liabilities are recognised on the transfer of the Oil Operations and the Gas Operations. Deferred tax liabilities were not recognised with respect to the timing difference between the accounting base and the tax base on property, plant and equipment as the Group availed itself of the initial recognition exemption under IAS 12 Income Taxes.

Reclassifications in the Comparative Financial Information as at and for the Year ended 31 December 2022

Certain figures in the comparative financial information as at and for the year ended 31 December 2022 included in the Audited 2023 Financial Statements have been reclassified in order to improve the quality of information presented and conform with the presentation for the financial information as at and for the year ended 31 December 2023. The reclassifications do not affect previously reported profit or equity. As a result of these reclassifications:

- In the comparative financial information for the year ended 31 December 2022 included in the consolidated statement of profit or loss and other comprehensive income, US$34 million of assets written-off and/or disposed has been reclassified from other expenses to other operating income. Assets written-off and/or disposed were under other expenses in the Audited 2022 Financial Statements but this amount was netted off against gains on disposal of property, plant and equipment under other operating income in the comparative financial information for the year ended 31 December 2022.
- In the comparative financial information for the year ended 31 December 2022 included in the consolidated statement of profit or loss and other comprehensive income, certain elements of staff costs have been reclassified within staff costs. Additionally, medical expense reimbursements have been included in staff costs. See Note 10 to the Audited 2023 Financial Statements included in this Base Offering Circular for more information.
- In the comparative financial information for the year ended 31 December 2022 included in the consolidated statement of financial position, US$5 million of national objective investment has been reclassified to other current assets and US$7 million of national objective liability has been reclassified to payables and accruals.

- In the comparative financial information for the year ended 31 December 2022 included in the consolidated statement of financial position, assets and liabilities relating to Mabrouk North East are presented on a gross basis compared with being presented on a net basis in the Audited 2022 Financial Statements. As at 31 December 2022 in the comparative financial information in the Audited 2023 Financial Statements, this change resulted in additions of US$8 million to receivables and prepayments, US$22 million to cash and bank balances, US$21 million to amounts due from related parties and US$50 million to payables and accruals.
- In the comparative financial information for the year ended 31 December 2022 included in the consolidated statement of cash flows, US$7 million of royalty expenses have been added as an adjustment to profit before tax and US$7 million of royalties paid are presented after working capital changes. This compared to net movements in royalties being presented as part of changes in payables and accruals under working capital changes in the Audited 2022 Financial Statements. This change does not affect net cash from operating activities. Additionally, the impact of the reclassification of assets and liabilities relating to Mabrouk North East led to changes in net cash flows from operating activities.

The Group has concluded that such reclassifications are not material and do not affect previously reported net income. For more information, see Note 29 to the Audited 2023 Financial Statements, which are included in this Base Offering Circular.

Auditors and Unaudited Information

The Audited Financial Statements have been audited by Ernst & Young LLC ("**EY**"), independent auditors, in accordance with International Standards on Auditing, as stated in their unqualified audit reports thereon.

All financial information in this Base Offering Circular identified as an APM (as defined below) is unaudited. Where information is identified as unaudited, this means that the information has been extracted from information that has not been audited and does not imply that all other information in the table has been separately audited.

Alternative Performance Measures

To supplement the Audited Financial Statements, the Group uses certain financial measures and ratios that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles, each of which the Group considers constitutes an Alternative Performance Measure ("**APM**"), as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. None of these measures, which principally appear in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", have been subject to audit or review by the independent auditors.

These APMs include EBITDA and Free Cash Flow.

Definitions

Measure	Definition	Relevance of its Use
EBITDA	EBITDA is profit before tax plus finance costs less finance income, plus depreciation, depletion and amortisation.	The Group uses EBITDA to assess and compare the underlying profitability of the Group.
Free Cash Flow	Free Cash Flow is net cash from operating activities less acquisition of property, plant and equipment and expenditure on exploration and evaluation of assets.	The Group uses Free Cash Flow to evaluate its cash available for financing activities, including cash distributions.

The APMs should not be considered as an alternative to the historical financial results or other indicators of the Group's performance based on IFRS measures. They should not be considered as alternatives to profit for the year (as determined in accordance with IFRS) or any other measures of performance under IFRS as indicators of the Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities (as determined in accordance with IFRS) as an indicator of the Group's liquidity. The APMs, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's APMs are calculated. The APMs relate to the reporting periods described in this Base Offering Circular and are not intended to be predictive of future results. Even though the APMs are used by the Group to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows, as reported under IFRS. Some limitations of EBITDA are that:

- it does not reflect cash expenditures;
- it does not reflect future requirements for capital expenditure, which is calculated as additions to total property, plant and equipment as reduced by additions to abandonment assets ("**Capital Expenditure**") or contractual commitments;
- it does not reflect cash requirements or changes in working capital needs;
- it does not reflect interest expense or the cash requirements necessary to service interest or principal payments in respect of any borrowings;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and this measure does not reflect any cash requirements for such replacements; and
- other companies in the Group's industry may calculate this measure differently from how the Group does, limiting its usefulness as a comparative measure.

Nevertheless, the Group believes that these APMs, when considered in conjunction with measures prepared in accordance with IFRS, enhance investors' and the Group's senior management's overall understanding of the Group's financial performance and liquidity.

Reconciliation of APMs

EBITDA

The following table sets forth the reconciliation of the APM EBITDA to profit before tax for the years ended 31 December 2023, 2022 and 2021.

	Year ended 31 December		
	2023	**2022**	**2021**
		(US$'000)	
Profit before tax	4,487,541	4,683,889	4,059,772
Less: Finance income	(7,559)	(2,385)	(7,812)
Add: Finance costs	606,604	396,605	211,896
Add: Depreciation, depletion and amortisation	3,840,790	3,567,022	3,217,626
EBITDA	**8,927,376**	**8,645,131**	**7,481,482**

Free Cash Flow

The following table sets forth the reconciliation of the APM Free Cash Flow to net cash from operating activities for the years ended 31 December 2023, 2022 and 2021.

	Year ended 31 December		
	2023	**2022**	**2021**
		(US$'000)	
Net cash from operating activities	6,518,654	5,152,272	4,852,747
Less: Acquisition of property, plant and equipment	(3,400,290)	(3,110,772)	(2,888,280)
Less: Expenditure on exploration and evaluation assets	(222,828)	(183,629)	(169,025)
Free cash flow	**2,895,536**	**1,857,871**	**1,795,442**

Presentation of Reserves and Product Information

Reserve estimation is an inherently complex process that principally relies on a combination of knowledge, experience and engineering judgement. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond the Group's control. Therefore, the reserves information in this Base Offering Circular represents only estimates. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates may differ from the quantities of Oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based.

All natural resources within Oman, including hydrocarbons, are owned by the Government, which, either directly or, more typically, indirectly through wholly owned companies such as EDO, enters into exploration and production sharing and similar agreements with its wholly-owned companies and/or third parties to exploit Oman's hydrocarbon reserves.

The proved plus probable ("**2P**") reserve estimates set out in this Base Offering Circular conform to the Society of Petroleum Engineers' Petroleum Resource Management System (the "**SPE-PRMS**") definitions and guidelines, which are internationally recognised industry standards. Estimates of the quantity of 2P reserves depend on significant interpretations, assumptions and judgements relating to available geological, geophysical, engineering, contractual, economic and other information and take into account existing economic and operating conditions and commercial viability as at the date the reserve estimates are made. The reserve estimates are regularly reviewed and updated. Proven and probable reserves are estimates of the amount of Oil and gas that can be economically extracted from Oil and gas assets. The technical personnel responsible for preparing the reserves disclosures set out in this Base Offering Circular meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. Reserves estimates are estimated reserves based on information compiled by appropriately qualified persons relating to geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. 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 Group.

Except as set out below, estimates of the proved ("**1P**") and 2P (cumulative) reserves attributable to the Group and Block 6 as of year ends are based on an Annual Review of Petroleum Resources ("**ARPR**") conducted by PDO on behalf of the Group and, with respect to NAG reserves going forward, EDO Gas.

ARPR is an annual review of all PDO resources conducted by asset cluster leadership, Petroleum Engineer (PE) managers and PE Chief Function Heads. The outcome of this review is documented in the ARPR report, which is published annually. During this process, the developed reserves for all producing wells are re-evaluated by performing decline curve analysis for Oil, material balance, p/z analysis for gas or history-matched dynamic modelling, whereas the undeveloped project status is re-assessed based on the latest business plan. Volumes are categorised as either undeveloped reserves or contingent resources in line with the resource volume classification guidelines. The 1P reserve estimates set out in this Base Offering Circular comply with rules set by the U.S. Securities and Exchange Commission (the "**SEC**") (except for the calculation of NAG prices, which is based on the Group's internal estimate). The 2P reserve estimates conform to the definitions and guidelines contained in the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists, Society of Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts and European Association of Geoscientists & Engineers 2018 Petroleum Resources Management System, which were revised in June 2018 ("**Society of Petroleum Engineers' Petroleum Resource Management System**"). For 1P reserves, the OEB price is kept constant at US$82.77 per barrel, as per SEC guidelines, while for 2P reserves the OEB price is US$55 per barrel for 2023 and thereafter a 3 per cent. annual increase is assumed for the life of the Oil Concession (e.g., until 2044). The NAG price until 2025 is set out in the NAG Sales Agreement, while future gas prices will be agreed between EDO Gas and IGC Oman in accordance with the methodology set out therein. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Supply, Demand and Price of Hydrocarbons—NAG*" and "*Material Agreements—NAG Sales Agreement and 2023 NAG Sales NARA*". The price is then subject to change and is estimated on a five-year cycle basis.

This Base Offering Circular includes the Third-Party Reserves Report. The Group retained independent petroleum consultants, Sproule B.V., to independently audit the Group's reserves as of 1 January 2024. A copy of the Third-Party Reserves Report, which describes its procedures, conclusions and assumptions, is set out in Appendix C to this Base Offering Circular with the consent of Sproule B.V. who has authorised such inclusion. The technical personnel responsible for preparing the Third-Party Reserves Report meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. Sproule B.V. is an independent consultancy firm with its registered address at Stationsplein 6, 2275 AZ, Voorburg, Netherlands and does not own an interest in the Group's properties and is not employed on a contingent fee basis. The scope of the Third-Party Reserves Report was an audit of the reserves as reported by PDO, not an evaluation. The reserves volumes included in the Third-Party Reserves Report were estimated based on the definitions and disclosure guidelines contained in the Society of Petroleum Engineers' Petroleum Resource Management System. All reserves were estimated through 31 December 2044, the date of the Group's licence termination for the subject properties.

Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates may differ from the quantities of Oil and gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place undue reliance on the Group's ability to estimate actual reserves or on comparisons of similar reports concerning other companies. In addition, except to the extent that PDO conducts successful exploration and development activities, the Group's reserves will decline as reserves are produced.

Presentation of Third-Party and Market Share Data

This Base Offering Circular contains information regarding the Group's business and the industries in which it operates and competes, which has been obtained from third-party sources. Where third-party information has been used in this Base Offering Circular, the source of such information has been identified. Maps

contained in this Base Offering Circular are for reference only and do not necessarily reflect international borders or other locations accurately.

In some cases, independently determined industry data is not available. In these cases, any market share data included in this Base Offering Circular is referred to as having been estimated. All such estimates have been made by the Group using their own information and other market information, which is publicly available. The Group believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industries in which the Group operates, as well as its position within those industries. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the markets within which it operates, the Group cannot guarantee that a third-party expert using different methods would reach the same conclusions.

Statistical information relating to Oman included in this Base Offering Circular has been derived from a number of different identified sources, including official public sources. The source of any third-party information contained in this Base Offering Circular is stated where such information appears in this Base Offering Circular. The Group confirms that all such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. The statistical data included in this Base Offering Circular may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased Notes.

Where information has not been stated to be independently sourced, it is the Group's own information. See "*Risk Factors—Risks Related to the Group's Business—The Oil and gas reserve estimates set out in this Base Offering Circular are subject to various uncertainties, including many factors beyond the Group's control*".

Presentation of Other Information

Currencies

All references in this Base Offering Circular to:

- "**Euros**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;
- "**Omani Rial**" and "**OMR**" are to the Omani Rial, the lawful currency of Oman; and
- "**US dollars**", "**$**" and "**US$**" are to the United States dollar, the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Base Offering Circular has been expressed in US dollars, which is the Group's functional and presentation currency, as a significant proportion of their assets, liabilities, income and expenses are denominated in US dollars. Certain transactions are expressed in Omani Rial, which is the local currency of the Group. Since the Omani Rial is pegged to the US dollar, transactions in the local currency do not result in any significant exchange differences on translation.

In this Base Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Rounding

Certain data in this Base Offering Circular has been rounded. As a result of such rounding, the totals of data presented in tables in this Base Offering Circular may vary slightly from the arithmetic totals of such data.

Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

Websites and Web Links

The websites and/or web links referred to in this Base Offering Circular are included for information purposes only and the content of such websites or web links is not incorporated into, and does not form part of, this Base Offering Circular.

Foreign Language

The language of this Base Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

References to Law

In this Base Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

See "*Risk Factors—Risks Related to the Group's Business—The Oil and gas reserve estimates set out in this Base Offering Circular are subject to various uncertainties, including many factors beyond the Group's control*".

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RISK FACTORS

Any investment in Notes issued under the Programme is subject to a number of risks and uncertainties.

Prospective investors should carefully consider the risks and uncertainties associated with the Group's business and the structure of and any investment in the Notes issued under the Programme, together with all of the information that is included in this Base Offering Circular and the applicable Pricing Supplement, and should form their own view before making an investment decision with respect to any Notes. In particular, prospective investors should evaluate the risks and uncertainties referred to or described below, which may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations and the amounts paid on the Notes. Should one or more of these risks occur or be perceived by the market as being likely to occur, at the same time or separately, the market price of any Notes issued under the Programme could decline and an investor might lose part or all of its investment.

The Group believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but its inability to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Group does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks not presently known to the Group or that it currently deems immaterial may also impair the Group's ability to pay such amounts.

This Base Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group described below and elsewhere in this Base Offering Circular. See "Cautionary Statement Regarding Forward-looking Statements".

Risks Related to the Oil and Gas Industry

The Group's cash flows and results of operations are significantly impacted by international Oil supply and demand and the price at which it sells Oil

Sales of Oil are the largest component of the Group's revenue and other operating income, accounting for 71 per cent. and 29 per cent. of the Group's revenue and other operating income, respectively, for the year ended 31 December 2023, 68 per cent. and 40 per cent. of the Group's revenue and other operating income, respectively, for the year ended 31 December 2022 and 58 per cent. and 40 per cent. of the Group's revenue and other operating income, respectively, for the year ended 31 December 2021. Accordingly, the Group's results of operations and cash flows are significantly impacted by the price at which it sells Oil.

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

- market expectations with respect to the future supply of petroleum products, demand and price changes;
- global economic and political conditions and geopolitical events, including, amongst others, financial crises and events that impact or disrupt international trade (including trade routes);
- conflicts and war, including the Russia-Ukraine war and the Israel-Hamas war (the "**Israel-Hamas War**") and acts of terrorism;
- decisions regarding production levels by Oil-producing states;
- the introduction of financial sanctions by governments in general, and in particular of sanctions targeting Oil-producing states and Oil-producing companies;

- the impact of natural disasters and public health pandemics or epidemics on supply and demand for Oil, general economic conditions and the ability to deliver Oil;
- the development of new Oil exploration, production and transportation methods or technological advancements in existing methods, including hydraulic fracturing or "fracking";
- capital investments of Oil and gas companies relating to the exploration, development and production of Oil reserves;
- the impact of climate change on the demand for, and price of, hydrocarbons (see "*Risk Factors—Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause the Group to incur costs or invest additional capital*");
- changes to environmental or other regulations or laws applicable to Oil and related products or the energy industry (see "*Risk Factors—Legal and Regulatory Risks—The Group could face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Group's costs*");
- prices of alternative energies, including renewable energy;
- the electrification of transportation, technological developments in the cost or endurance of batteries or fuel cells for electric vehicles and changes in transportation-mode preferences;
- weather conditions affecting supply and demand;
- fluctuations in the value of the US dollar, the currency in which Oil is priced globally; and
- Oil trading activities.

International Oil prices have fluctuated significantly in the recent past and may remain volatile. Between January 2016 and March 2020, Brent prices generally fluctuated between US$40 and US$65 per barrel. However, Brent prices fell below US$23 per barrel in mid-March 2020 and generally fluctuated between US$30 and US$45 through 2020 as a result of the COVID-19 pandemic's impact on worldwide demand for Oil and economic activity, as well as other supply and demand factors. As a result, in 2020, Block 6 Operation's revenue declined by 25 per cent. compared to 2019, and Block 6 Operation's profit for the year attributable to invested capital decreased by 38 per cent. to US$5,882 million. Brent prices recovered to above US$60 per barrel in February 2021 and remained above US$60 per barrel throughout 2021, reaching US$77.78 per barrel by 31 December 2021. Following the Russian invasion of Ukraine (the "**Russia-Ukraine War**") in February 2022, Brent prices increased significantly, reaching a high of US$130 per barrel in March 2022. In subsequent months, Brent prices decreased to levels comparable to those prior to the Russia-Ukraine War. As of the end of December 2022, Brent prices were US$80.92 per barrel, reflecting the Chinese government's abandonment of its zero-COVID policy and robust consumption in the United States.

In the first half of 2023, Brent Oil prices decreased to a low of US$72.19 in connection with developments in the banking sector, such as the collapse of Silicon Valley Bank, the take-over of Credit Suisse and fears regarding a global recession, concerns about China's economic growth, the potential for a US recession and higher than expected Russian Brent Oil exports that put downward pressure on Brent Oil prices. During the second half of 2023, the average price of Brent Oil increased to US$85.34 per barrel and the price as of 31 December 2023 was $77.54 per barrel. The increase was primarily due to resilience shown by the US economy and production cuts by OPEC+. During the first quarter of 2024, Brent Oil prices increased to US$86.59 per barrel due to rising geopolitical tensions linked to Russia and Oil output cuts by OPEC.

Since 2018, the OEB price, at which the Group sells Oil and condensate (AG and NAG) to the Government, has fluctuated in line with fluctuations in Brent prices. In 2021, the average price for OEB was US$64.29 per barrel. The price for OEB increased slightly throughout 2022 due to the increase in global Oil prices

driven primarily by the Russia-Ukraine War and the international response thereto, peaking in July 2022 at an average price of US$107.22. Oil prices in the second half of 2022 decreased as a result of global economic developments, the European Central Bank's monetary tightening, concerns about a possible energy crunch, COVID-19 containment measures in China and ongoing geopolitical tensions. In 2022, the average price for OEB was US$95.36 per barrel.

During the first half of 2023, the average price of OEB decreased in the first quarter of 2023, before increasing in the second quarter. Unipec, the trading arm of Sinopec, has sold significant amounts of OEB from the start of June 2023 in response to production cuts by other countries, supporting the price of OEB. In June 2023, the official selling price for OEB was US$83.28 per barrel. During the second half of the year, the official selling price for OEB reached a high of US$92.77 in November 2023 primarily due to a tight supply and output cuts by Saudi Arabia. As of 31 December 2023, the official selling price for OEB was US$89.79 per barrel. During first quarter of 2024, the official selling price OEB decreased to a low of US$77.21 due to market concerns shifting from supply risks to the global economy and Oil demand.

The prices of Brent Oil and OEB are also impacted by the actions of Organisation of the Petroleum Exporting Countries Plus, which is comprised of the members of OPEC and 23 other members ("**OPEC+**"). In December 2020, following the significantly negative impact on Oil demand resulting from the COVID-19 pandemic, OPEC+ agreed to relax output curbs by 500,000 barrels per day from 1 January 2021 to 7.2 billion barrels per day and to meet monthly to reassess the market. In August 2021, OPEC+ increased overall production by 400,000 barrels per day. In August 2022, OPEC+ increased production of Oil by 100,000 barrels per day. However, in November 2022, OPEC+ reduced production by two million barrels per day from the August production levels. During the first half of 2023, OPEC+ unexpectedly announced a further reduction in production of 1.15 million barrels per day, as a means to support and increase Oil prices. The announcement resulted in an immediate increase in Brent Oil prices from US$79 per barrel to more than $86 per barrel, which subsequently decreased. In June 2023, the Saudi government announced a voluntary cut of an additional one million barrels per day, as part of its commitment to maintaining Oil prices at current levels, which cuts were subsequently extended through 31 December 2023. Following the extension of Saudi Arabia's production cuts in September 2023, Brent Oil prices increased to over US$90 a barrel before decreasing in the fourth quarter. Following Angola's announcement in December 2023 that it was leaving OPEC, Brent Oil prices decreased to US$77.86. In March 2024, several OPEC+ countries, including Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Kazakhstan and Algeria, extended additional voluntary cuts of 2.2 million barrels per day through the end of 2024 as a means to support the stability of Oil markets. In parallel, Russia announced a voluntary cut of 471,000 barrels per day for the same period. Following the announcement, Brent Oil prices increased to US$86.58 per barrel. Further changes in OPEC or OPEC+ membership and additional cuts to production at either the OPEC+ level or by individual countries may also impact the price of Oil.

Based on a declining price environment or OPEC+ production decisions, among other things, the Government may also curtail the production of Oil. As the Group is a swing producer for the Government, the Government nomination process requires the Group to lower production when overall industry production is high enough to meet demand or in response to international Oil prices. Reductions in Government nominations for the Group could lead to lower production levels below the Group's capacity and/or the Group's targeted production, with corresponding effects on its business, financial condition, cash flows and results of operations.

The Group expects Oil prices to remain volatile for the near future. Volatile Oil prices make it difficult to estimate the value of production facilities and often cause disruption in the market for Oil producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility makes it difficult to budget for, and project the return on, potential acquisitions and development and exploitation projects.

Fluctuations in the price at which the Group is able to sell Oil could cause its cash flows and results of operations to vary significantly. In addition, post-inflationary period decreases in the price at which the Group is able to sell its Oil could have a material adverse effect on its business, financial condition, cash flows and results of operations.

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause the Group to incur costs or invest additional capital

Climate change concerns manifested in public sentiment, government policies, laws and regulations, international agreements and treaties and other actions may reduce global demand for hydrocarbons and propel a shift to lower carbon intensity fossil fuels such as gas or alternative energy sources. In particular, increasing pressure on governments to reduce greenhouse gas ("**GHG**") emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including, among others, carbon emission cap and trade regimes, carbon taxes, increased energy efficiency standards and incentives and mandates for renewable energy and other alternative energy sources. In addition, international agreements that aim to limit or reduce GHG emissions are currently in various stages of implementation, and it is difficult to predict with certainty the ultimate impact GHG-related laws, regulations and international agreements will have on PDO and, thereby, the Group. For example, the Paris Agreement became effective in November 2016, and many of the countries that have ratified the Paris Agreement are adopting domestic measures to meet its goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources.

Furthermore, many developed countries are also actively trying to develop alternative sources of energy or alternative methods of increasing domestic Oil production to reduce their dependence on imported Oil, as well as combating climate change. For example, at the 2021 United Nations Climate Change Conference ("**COP26**"), 21 countries together with a number of development banks pledged to end financing for unabated fossil fuel projects abroad. More generally, COP26 has resulted in numerous pledges from nations to reduce emissions, move away from fossil fuels, eliminate deforestation and provide funding to help poor countries adapt. At the November 2022 United Nations Climate Change Conference, countries affirmed the intention to limit warming to around 1.5 degrees Celsius and to increase accountability for businesses. Accordingly, a mitigation work programme aimed at urgently scaling up mitigation ambition and implementation was established, which will start work immediately and be reviewed in 2026. At the 2023 United Nations Climate Change Conference, nearly 200 countries agreed to a new climate deal which aims to reduce carbon pollution and transition away from fossil fuels in energy systems with the target of achieving net zero by 2050. In general, it is too early to know or measure the impact these pledges and investments will have on hydrocarbon production or on demand for fossil fuels in the medium or long term, but the impact could be substantial.

In August 2022, U.S. President Joe Biden signed the Inflation Reduction Act into law. The law provides US$60 billion for renewable energy infrastructure in the United States, including grants and loan opportunities for clean energy providers, as well as tax incentives for energy efficiency initiatives and certain uses of renewable energy sources, which could contribute to a lower global demand for Oil and gas. In total, the Inflation Reduction Act provides US$370 billion for environmental measures and the reduction of GHG emissions. At the same time, the Inflation Reduction Act also provides for Oil and gas leases to US Oil and gas companies, which may enable these companies to increase their exports in the future, thereby increasing the global supply of Oil and potentially impacting the price of Brent Oil and OEB.

PDO's operations result in the emission of carbon dioxide, which is a by-product of burning fuels (including Oil and gas) and is a GHG. Oman is a signatory of the Paris Agreement, which it ratified in May 2019. Compliance with the agreement may require the reduction of carbon dioxide emissions in Oman, and the responsibilities of Omani companies may change following the implementation of any carbon dioxide mitigation regulations. Such regulations could result in, for example, increased costs to operate and maintain PDO's operations, increased Capital Expenditure to install new emission controls at PDO's operations and increased costs to administer and manage any potential GHG emissions or cap and trade or other control

programmes, all of which could require additional cash contributions from the Group. PDO will also apply heightened screening for compliance with changing climate change regulations, which may materially impact production if future projects do not meet new screening criteria.

In March 2022, Oman established the National Committee for Climate Change and Protection of the Ozone Layer, which convenes representatives from 32 stakeholders to address climate change-related issues in Oman. The work of this committee is intended to complement Oman's National Strategy for Adaptation and Mitigation of Climate Change for the 2020-2040 period. Oman has also supported different renewable energy initiatives within the country, such as labelling appliances based on energy efficiency, mandates on use of LED bulbs and others. Oman has also pledged to reduce total GHG emissions by 7 per cent. by 2030. In March 2023, a representative of Oman's Environment Authority confirmed that Oman has adopted a national plan for zero carbon neutrality, pursuant to which five main sectors have been targeted as part of the strategy to reduce GHG emissions, including oil and gas, electricity production, transportation, industry and construction. It is unclear to what extent regulations and emission-reducing measures targeting the Oil and gas sector will impact the Group, but any such measures may increase costs, reduce production or have another material adverse effect on the Group's business, financial condition, cash flows and results of operations.

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

Competitive pressure could have a material adverse impact on the price at which the Group sells Oil

The sale of Oil is very competitive. The primary factors affecting competition are the price, quantity and quality of the Oil produced. The Group's primary competitors for the sale of Oil outside Oman include national and international Oil companies, many of which have substantial Oil reserves and financial resources. These competitors include Oil and gas companies that may possess greater technical, physical and/or financial resources than the Group. The Group also faces competition from other Oil generation processes, in particular shale Oil. Further, the Group competes with other industries that provide alternative means of energy, such as coal and renewable energy sources. Increased competitive pressures could have a material adverse impact on prices at which the Group can sell Oil and its market share.

Risks Related to the Group's Business

PDO is subject to operational risks and hazards that may have a significant impact on its operations or result in significant liabilities and costs for the Group

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

- Oil or gas spills, pipeline leaks and ruptures, storage tank leaks, and accidents involving explosions, fires, blowouts and surface cratering;
- power shortages or failures;
- mechanical or equipment failures;
- transportation interruptions and accidents, including road traffic accidents;
- cyclones, storms, floods, earthquakes and other natural disasters;
- extreme weather, including lighting strikes; and

- chemical spills, discharges or releases of toxic or hazardous substances or gases.

These risks could result in damage to, or destruction of, PDO's properties and facilities, death or injury to people and harm to the environment, which could have a significant impact on its operations or result in regulatory or legal action, including penalties, fines, losses, increased costs, remediation commitments and the ability to maintain essential licences. Furthermore, PDO may also be subject to claims with respect to workplace exposure, workers' compensation and other matters. To the extent a subcontractor was responsible for the damage, PDO's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt PDO's operations or delay projects, which could have a material adverse effect on the Group.

In addition, PDO injects gas, heat and chemicals into certain of its reservoirs to increase the production of Oil and natural gas. The additional production and reserves attributable to the use of these secondary and tertiary recovery methods are inherently difficult to predict. If PDO's recovery methods do not result in expected production levels, the Group may not realise an acceptable return on the investments they make to use such methods, which may further impact the Group's ability to make payments under Notes.

Furthermore, all of PDO's assets are located in Oman and they rely heavily on an Oil infrastructure network operated by PDO to transport Oil to Mina Al Fahal, Oman's main oil terminal. PDO also depends on critical assets to process its Oil, such as the third-party owned and operated Mina Al Fahal refinery and the Sohar refinery, which are the two Oil refineries currently operating in Oman. It also depends on the major gas infrastructure and processing facilities in Oman, most of which are owned by EDO Gas and operated by PDO. If these critical transport systems, third-party Oil refineries or gas processing facilities were subject to a significant disruption, it could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

There can be no assurance that the Group will be able to implement the Group's strategy or that the strategy, when implemented, will deliver all of the benefits envisaged

In line with the Government's Oman Vision 2040 plan, the Group has set an ambitious vision to be a world-class partner for growth that drives a sustainable energy future. See "*Overview of Oman and the Economy—Vision 2040*". The Group's overarching objectives are to strengthen its core business against market volatility and energy transition challenges and to become an integrated energy company with capabilities beyond Oil and gas while maintaining a stable capital structure. The Group's strategy is structured around five key pillars: (i) Block 6 and beyond, (ii) capital management, (iii) Oman Hydrogen, (iv) new energies, and (v) Environmental, Social and Governance ("**ESG**") matters. In furtherance of this strategy, the Group has incorporated five new entities. The first, Oman New Energies SPC ("**ONE**"), was established as part of a planned reorganisation of the Group's power assets to realise short-term efficiencies and, in the long term, to expand in the power and renewables market. The second, Hydrom Oman SPC ("**Hydrom**"), was established to develop and execute Oman's green hydrogen strategy, including the creation of a connected ecosystem of green hydrogen industries and hubs. In addition to supporting the Group's sustainable energy vision, the Group expects that diversification into new energies will increase the Group's resilience against Oil and gas market volatility. EDO incorporated EDO Gas in order to implement its strategy with respect to the Gas Operations. EDO Gas is intended to unlock additional value in the Gas Operations by optimising NAG development and production costs, enhancing governance, mitigating risks, accelerating exploration activities, and facilitating the achievement of Oman's NAG production potential. EDO incorporated EDO InfraCo SPC ("**EDO InfraCo**") to development infrastructure related to the transportation of gases and liquids through pipelines, including the water network. Finally, EDO Sukuk Limited was established to act as issuer and trustee under the Group's Sukuk programme. As part of the Group's overarching strategy, PDO has implemented a number of cost-saving initiatives, including a near-term sustainability programme (the "**NTSP**"), a capital efficiency programme ("**Capital Efficiency**"), a category management programme ("**CM**") and a lean continuous improvement ("**LEAN**") programme.

The Group also seeks to improve governance in Oman's energy sector.

The Group's strategy may not be successful or may not proceed as swiftly as planned. A slower implementation of the strategy than envisaged may hinder the Group in achieving its goals, may involve higher costs than expected and reduce expected savings from anticipated efficiencies and cost reductions and may require more resources than planned. EDO Gas may not be able to implement the gas strategy, meet the anticipated targets of the Gas Operations or do so on the expected timetable or at all. The Group's ability to develop adequate talent and resources is key to achieving their strategy, and there is a risk that they may not be able to identify and hire or develop sufficient talent in the right timescale. If the Group is not successful in developing all of the competencies and capabilities needed to deliver the strategy, the Group may not realise their strategic ambitions and objectives.

PDO has a number of ongoing projects, which expose it to a range of financial, regulatory, construction and other risks that could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

The Group, through PDO, has significant experience in delivering development projects, having completed six projects in 2021, 10 projects in 2022 and 19 projects in 2023, and a further 18 projects scheduled for completion in 2024. When undertaking a significant project, PDO faces a number of risks, including, but not limited to:

- requirements to make significant Capital Expenditure without receiving cash flow from the project concerned until future periods;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for such construction and capital improvements may not be available to PDO on suitable terms or at all;
- delays in obtaining, or a failure to obtain, all necessary governmental and regulatory permits, approvals and authorisations;
- material impairments of leasehold values if exploratory drilling proves unsuccessful;
- failure of the project to achieve agreed technical parameters at completion;
- an inability to complete projects on schedule or within budgeted amounts; and
- the fact that actual results might differ from modelled results due to a number of factors, including, *inter alia*, errors or erroneous assumptions in the models, such as unanticipated market and economic conditions or heightened competition from third parties, that may result in PDO's investment not being profitable or not generating the originally anticipated level of cash flows.

There can be no assurance that PDO's current or future projects will be completed within the anticipated timeframe or at all, whether as a result of the factors specified above or for any other reason. PDO's Oil and natural gas exploration may also involve unprofitable efforts, not only from dry wells but also from wells that are producing but do not produce sufficient net revenue to return a profit after drilling, operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

PDO's ongoing projects are also exposed to a number of construction risks, including, but not limited to:

- major design and/or construction changes, whether caused by changes in technological demand, market conditions or other factors;
- an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor;

- default or failure by PDO's contractors to finish projects on time and within budget;
- disruption in service and access to third parties;
- delays arising from shortages and long lead times for the delivery of complex plant and equipment or defective materials;
- shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances; and
- escalating costs of construction materials, manpower and global commodity prices.

Any of these factors could materially delay the completion of a project or materially increase the costs associated with a project, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

A substantial portion of the Group's Oil is exported to customers in Asia, therefore adverse economic or political developments in Asia could impact its results of operations

A significant proportion of the end-customers for the Group's products are located in Asia, including China, and the Group expects Oil exports to customers in Asia to continue to constitute a significant percentage of its total export and production volumes going forward. These customers pay a premium to purchase OEB. Any negative developments, particularly those impacting China and its economy, could lead to reductions in demand for OEB in Asia.

Between January 2020 and December 2022, China and other Asian countries (like others around the world) were materially adversely affected by the COVID-19 pandemic. China's economy was significantly impacted by COVID-19 as government-mandated lockdowns and other measures taken as part of China's zero-COVID strategy. Since 2022, the economy has also been impacted by defaults in the country's property market and falling commodity prices. Concerns about Chinese economic growth persisted in 2023 and into 2024.

If there is a prolonged slowdown in economic growth, an economic recession or other adverse economic or political development in Asia, the Group may experience a material reduction in demand for Oil in the region. While the Government is contractually required to purchase the Group's Oil and therefore demand decreases are unlikely to impact the Group's sales volumes, decreases in demand for Oil in Asia could impact the price at which the Group is able to sell its Oil in the event that the premium is not paid by new end-customers. Moreover, any such development in other parts of the world (including political and social instability or armed conflict in the Middle East and North Africa ("**MENA**") region) may result in other producers supplying surplus capacity to Asia, thereby increasing competition for customers in Asia and affecting the prices at which the Group sells Oil. A significant decrease in demand for Oil in Asia could have a material adverse effect on the price at which the Group's Oil is sold, thereby materially adversely affecting the Group's business, financial condition, cash flows and results of operations.

If PDO is unable to fund its ongoing Capital Expenditure, it may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

Oil and gas operations require significant amounts of Capital Expenditure, and, therefore, ready access to funds is essential to PDO's business. Upstream Oil and gas activities are capital intensive, and the continued funding of such activities is critical to maintain production levels in periods when net operating cash flow is negative or insufficient to cover Capital Expenditure, to increase production levels in the future in accordance with business plans and to grow PDO's business. If cash flows from PDO's shareholders, which are largely generated from PDO's operating activities and funds from external financial resources, are not sufficient to fund PDO's Capital Expenditure requirements, PDO may be required to reallocate available capital among

its projects or modify its Capital Expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain Capital Expenditure, or PDO may need to request additional cash from EDO Gas with respect to the Gas Operations and/or the Group with respect to the Oil Operations. Any change to PDO's Capital Expenditure plans could, in turn, have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

If PDO does not maintain high-capacity utilisation rates at EDO Gas' gas processing facilities, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

Following the Gas Operations Transfer Date, EDO Gas owns and PDO operates most of the major gas processing facilities in Oman, including the Central Processing Plant, the Government Gas Plant, the Saih Nihayda Gas Plant, the Kauther Gas Plant and the Rabab Harweel Integrated Project. Prior to 1 July 2023, these facilities were owned by the Group.

EDO Gas' ability to generate profits in the Gas Operations depends, to a significant degree, on PDO's ability to maintain high capacity utilisation rates (being the level of output each facility achieves in relation to its capacity) at these gas processing facilities. Utilisation rates may be impacted by a number of events, including planned activities, such as maintenance or shutdowns, which are performed on a periodic basis, and unplanned outages, which may occur for a number of reasons, many of which are outside of PDO's control. Since EDO Gas acts as a swing producer, the Government nomination process requires EDO Gas to lower production when overall industry production is high enough to meet demand. Any excess industry capacity and other industry conditions may also cause PDO to lower production rates, which may reduce the Group's margins, income and cash flow in periods of low demand.

The Oil and gas reserve estimates set out in this Base Offering Circular are subject to various uncertainties, including many factors beyond the Group's control

There are numerous uncertainties inherent in estimating quantities of 2P Oil and gas reserves, including many factors beyond the Group's control. The reserves information set out in this Base Offering Circular comprises estimates as at 1 January 2024, 1 January 2023 and 1 January 2022. In general, estimates of economically recoverable Oil and gas reserves are based on recognised rules and use a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of commodity prices and capital and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain, and classifications of reserves are only attempting to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable Oil and gas reserves attributable to any particular group of assets and the classification of such reserves based on risk recovery prepared by different engineers or by the same engineers at different times may vary substantially. In addition, due to the inherent risks in development activities, there can be no assurance that the estimated Oil and gas reserves set out in this Base Offering Circular will be converted into commercial production, the value of such production will be in accordance with targeted or expected value or that PDO will meet its targeted production timelines. Actual production, revenue, taxes and development and operating expenditures with respect to reserves are likely to vary from estimates, and such variances could be material.

Estimates with respect to Oil and gas reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Subsequent evaluation of the same reserves based upon production history will result in variation, which may be material in the estimated or actually recovered reserves. In addition, significant reductions in commodity prices may make the exploitation of certain reserves uneconomical and this too can affect reserves figures from period to period. Major Oil companies have in the past recorded significant

losses as a result of reserves estimates being reduced as a result of sustained periods of low Oil and gas prices.

The reserve estimates set out in this Base Offering Circular were evaluated using the Society of Petroleum Engineers' Petroleum Resource Management System. The Oil and natural gas reserves and resources review process comprises an external review process conducted by appropriately qualified independent reserves auditors every three years. This Base Offering Circular includes a third-party reserves report, the Third-Party Reserves Report, in Appendix C, which was produced following an external audit by Sproule B.V. Potential investors should note that the definitions and guidelines prescribed by the SEC or any other regulatory body may provide for a more conservative approach to reserve estimates and therefore result in lower reserve values than the approach currently followed by the Group to assess its reserves. There can be no assurance that an assessment of the reserves using the Group's current methodology would be consistent with an assessment using any other methodology.

PDO could incur significant decommissioning costs in relation to its Oil and gas facilities, which may be higher than the Group's provisions and may require cash resources from the Group beyond those that PDO generates from its operating activities

PDO's decommissioning expenditures were US$48.4 million for the year ended 31 December 2023 compared to US$29.0 million for the year ended 31 December 2022 and US$18.5 million in 2021. The costs of decommissioning Oil and gas production, distribution and storage facilities are generally payable at a time when the assets being decommissioned are no longer generating cash. These decommissioning costs may be significant, depending on the location, size and length of operation of the facility being decommissioned. In addition, the final cost with respect to decommissioning Oil and NAG production will be a function of a number of uncertainties, principally the cost itself, where relevant the ability of the Group's partners to pay or otherwise secure payment of their share of the decommissioning costs and the ability of the Group to obtain tax relief for the decommissioning costs incurred.

PDO, as the operator of Block 6, carries out all decommissioning activities on behalf of the Group and the other participants in the Oil Concession. PDO's expenditures on decommissioning activities carried out each year are funded through Oil Concession cash calls until the occurrence of a funding trigger. Upon the occurrence of a funding trigger, which is the earlier of: (i) 1 January in the year preceding the year in which PDO estimates that the remaining cash flow will be equal to or less than 2.5 times the participants' net decommissioning liability; and (ii) 31 December 2036, PDO will set up a decommissioning fund into which POHOL will pay its 40 per cent. participating interest share to fund decommissioning activities. The Group, in turn, will continue to pay its share of decommissioning activity costs via cash calls from PDO.

Funding for decommissioning activities related to the Gas Concession (together with the Oil Concession, the "**Concessions**") works similarly to the Oil Concession decommissioning funding mechanism, except that the Government may authorise EDO Gas to continue to pay for decommissioning activities through cash calls from PDO.

There can, however, be no assurance that PDO's assumptions regarding the cost to decommission wells and the timing of decommissioning will be correct, that PDO's provisions for its decommissioning costs will prove to be accurate or that the cash flow generated from its assets will be sufficient to meet the costs of decommissioning at the time when required to be incurred. To the extent that PDO is required to request funds or to use more cash from other operations than it originally anticipated to meet decommissioning costs, the Group's business, financial condition, cash flows and results of operations could be materially adversely affected.

The Group is dependent on its senior management team and key personnel

The Group believes that its senior management team contributes significant experience to the management and growth of its business. The success of the business and the Group's ability to execute on its business

strategy will depend on the efforts of the senior management team. The Group's Chief Executive Officer ("**CEO**"), Mazin Al Lamki, has more than 22 years of international experience in the Oil and gas sector across various commercial and operational functions. Prior to joining the Group, he was the Chief Operating Officer at Mubadala Petroleum LLC. The Group's Chief Financial Officer ("**CFO**"), Sultan Al Mamari, has 20 years of experience in the Oil and gas industry in Oman. Prior to joining the Group, he was the Vice President of Upstream Finance at OQ, the national petroleum investment company in Oman. The Group's Chief Operating Officer ("COO"), Azhar Al Kindi, has over 20 years of experience in the global energy industry. Prior to joining the Group, he was COO and Deputy CEO at Petrogas E&P LLC. If the Group's relationship with one or more of the members of its senior management team ends for any reason, there is no assurance that the Group will be able to replace them in the short term with people of comparable experience and qualifications. The Group also does not maintain key person insurance for these individuals. Any material delay in replacing such individuals may have an adverse effect on the operations of the Group and the public perception of the strength of the Group's business.

The Group's success also depends upon PDO's ability to identify, hire, develop, motivate and retain highly qualified key personnel. If PDO experiences a large number of departures of its Oil and gas experts in a relatively short period of time, attracting and retaining a sufficient number of qualified replacement personnel may be challenging. Since PDO faces intense competition for the recruitment of its skilled personnel, it may not be able to fulfil personal requirements, or rehire such reduced personnel on comparable terms in a timely manner during an economic upturn. If PDO is unable to hire and retain key personnel with requisite skills and expertise, it could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group is dependent on the reliability and security of its IT systems

The Group relies on the security of critical information technology ("**IT**") systems. Sophisticated IT systems are vulnerable to a number of challenges and threats, such as software or hardware malfunctions, malicious hacking or other criminal cyber-attacks by nation states, criminal hackers and competitors, ransomware, physical damage to vital IT centres and infection by computer viruses. IT systems also need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with the requirements of existing operations. The nature and breadth of any potential future IT issues remain unknown and remote work arrangements may increase the risk of cybersecurity incidents, data breaches or cyberattacks.

Any failure, interruption or breach in security of any member of the IT systems on which the Group depends could result in failures or interruptions in its risk management, financial accounting or other important systems and could interfere with, in particular, PDO's ability to operate certain aspects of its operational businesses, particularly in relation to industrial control systems, potentially resulting in physical damage, injury or loss of life and environmental harm. Furthermore, network disruptions, security breaches and other significant failures could result in unauthorised access to, and destruction, loss, theft, misappropriation or release of, PDO's proprietary, confidential, sensitive or otherwise valuable information, including trade secrets, which others could use for disruptive, destructive or otherwise harmful purposes and outcomes. Such incidents could also result in significant costs, including investigation and remediation expenses, regulatory scrutiny, legal liability and the loss of personal or sensitive business or third-party information. The Group may also be required to expend significant management attention and financial resources to protect against the threat of security breaches and other network disruptions and, in the event of significant breaches or failures, to remedy resulting damages. Moreover the Group may have to adjust its systems to respond to the data protection and security issues arising from international data transfers. The occurrence of any failure, interruption or breach in security of any member of the IT systems on which the Group depends could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

PDO's insurance policies may not be sufficient to cover all risks that it faces, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations in the event a material uninsured risk takes place

PDO may not be able to maintain or obtain sufficient insurance coverage for the risks associated with the operation of its business. PDO's operations may be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. For example, PDO has not purchased insurance to cover any possible losses from business interruptions, acts of terrorism, cyber-attacks, environmental liabilities, directors' and officers' liabilities or workers compensation. In addition, severe or frequently occurring events, such as accidents and other mishaps, business interruptions or potential damage to facilities, property and equipment caused by machinery breakdown, inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose PDO to liabilities in excess of its insurance coverage. PDO's insurance coverage may not be sufficient or available to cover losses arising from any or all of such events, and PDO may not be able to renew existing insurance cover on commercially reasonable terms, if at all. Should an incident occur in relation to which PDO has no insurance coverage or has insufficient insurance coverage, PDO could lose the capital invested in, and anticipated future revenue relating to, any property that is damaged or destroyed and, in certain cases, PDO may remain liable for financial obligations related to the impacted property. Further, the Group could be subject to a material loss to the extent that a claim is made against PDO which is not covered in whole or in part by insurance and for which third-party indemnification is not available. Additionally, in the event there is a total or partial loss of any insured assets, there could be no assurance that the insurance proceeds received by PDO in respect of the loss would be sufficient to satisfy the Group's debts (including the Notes). If an incident occurs and PDO's insurance coverage is insufficient to cover its losses, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Risks Related to EDO's Shareholders

The Government's interests may, in certain circumstances, be different from the interests of Noteholders

As EDO's sole shareholder, the Government is in a position to control the outcome of actions requiring shareholder approval and also has the ability to appoint all of the members of the boards of directors of the Group (the "**Board of Directors**") and thereby direct the decisions of the Group. The interests of the Government may be different from those of the Group's creditors (including Noteholders). For example, decisions made by the Group may be influenced by the need to consider the value of the overall Omani energy sector or other factors, including the ability to generate dividends or other returns for the Government. In the absence of any specific investment restrictions, including those designed to mitigate other potential investment risks, such decisions may prove to be riskier or less profitable than decisions that might otherwise have been made.

In addition, there can be no assurance as to the amount of any dividends that may be paid by the Group to the Government in future years.

Oman's economy is highly dependent upon its hydrocarbon-related revenue and any sustained periods of low Oil prices may materially reduce the likelihood of financial support for the Group from the Government should it be needed in future periods

Oman's economy is highly dependent upon Oil and gas activities, which accounted for 30 per cent. of Oman's nominal GDP in 2022 and 2021, respectively. In recent years, Oil and gas prices have fluctuated in response to changes in many factors over which the Group has no control, particularly OPEC+ production decisions and the Russia-Ukraine War. While in 2022, the Russia-Ukraine War caused the price of Brent Oil to increase to US$139.13 per barrel, the highest level since 2008, Oil prices fell in the first quarter of 2023,

including a 15-month low of US$70.56 for Brent Oil in March 2023 and as low as US$77.43 for OEB, primarily due to concerns that persistent inflation and recent U.S. and European bank failures could reduce future demand for Oil.

Oil prices rose again in the spring of 2023 following voluntary production cuts by the Saudi Arabian government, leading to Oil prices of US$74.89 for Brent Oil and US$83.28 for OEB in June 2023. These production cuts were subsequently extended through 31 December 2023. Following Saudi Arabia's extension of its production cuts in September 2023, the price of Brent Oil rose to more than US$90 a barrel before decreasing in the fourth quarter. Following Angola's announcement in December 2023 that it was leaving OPEC, Brent Oil prices decreased to US$77.86. In March 2024, several OPEC+ countries, including Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Kazakhstan and Algeria, extended additional voluntary cuts of 2.2 million barrels per day through the end of 2024 as a means to support the stability of Oil markets. In parallel, Russia announced a voluntary cut of 471,000 barrels per day for the same period. Following the announcement, Brent Oil prices increased to US$86.58 per barrel. See "*Risks Related to Oman—Oman's efforts to diversify its economy, decrease Government spending and implement more extensive tax collection may not be successful, which may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations*" and "*Disruptions in global credit markets may adversely affect the ability of the Group to secure financing*". Government spending remained stable during periods of relatively low Oil prices, resulting in large fiscal deficits. The preliminary results indicate that Oman is expected to generate a surplus of OMR 931 million in 2023 as compared to a deficit of OMR 1.3 billion as estimated in the 2023 budget (*Source: MOF website budget guide for FY2023*). According to Fitch Ratings, Inc. ("**Fitch Ratings**"), Oman had a surplus of OMR 1.1 billion for the year ended 31 December 2022 and a deficit of OMR 1.2 billion for the year ended 31 December 2021, representing 2.5 per cent. and 3.4 per cent. of GDP in 2022 and 2021, respectively. The surplus during these years resulted in a decrease of public debt with Oman reporting a debt to GDP ratio of 36 per cent. as of 31 December 2023, compared to 47 per cent. and 67 per cent. as of 31 December 2022 and 2021, respectively, according to Fitch Ratings. Oman's 2024 budget was published in early January 2024 and indicated that the Government will continue to pay down Government debt. While Fitch Ratings forecast that public debt will stabilise at 35 per cent. of GDP in 2024 and 2025, respectively, increased social spending is expected to slow the pace of debt reduction in 2024, therefore if prices decrease or fiscal reform efforts do not yield expected results, Oman may incur large fiscal deficits in the future, which may materially reduce the likelihood of financial support for the Group from the Government should it be needed in future periods.

Notwithstanding that the Group is wholly-owned by the Government, Notes issued under the Programme will not be guaranteed by the Government, and the Government is under no obligation to extend financial support to the Group

Although the Government owns all of the shares of EDO, potential investors should note that the Government does not guarantee the obligations of the Group in respect of any Notes issued under the Programme and shareholders therefore do not benefit from any legally enforceable Government backing. Although the Government has in the past provided significant financial support to companies in which it holds ownership interests, it is under no obligation to extend financial support to the Group in the future and, accordingly, may not do so. The Group's ability to meet its obligations under any Notes is solely dependent on its ability to fund such amounts from its operations, profit and cash flow or from external borrowings.

Financial Risks Related to the Group

PDO will continue to have material funding requirements

PDO will continue to incur significant capital and investment expenditure in future years and will have material funding needs in relation to particular projects or the refinancing of existing indebtedness. The Group intends to fund its respective future capital costs through operating cash flow and borrowings from third parties (including*, inter alia,* by way of the issue of Notes under the Programme). The Group's ability

to obtain external financing and the costs of such financing are dependent on numerous factors, including general economic and market conditions, international interest rates, credit availability from banks or other lenders and investor confidence in the Group, as well as the success of the Group's business. There can be no assurance that external financing, either on a short-term or long-term basis, will be available or, if available, that such financing will be obtainable on terms that are acceptable to the Group.

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

The Group depends on PDO for its cash flow, which could affect the price of Notes and the Group's ability to make payments on Notes

The Group relies on PDO's Oil and gas production in order to generate cash to meet their financial obligations, including payment obligations under Notes. The ability of the Group to obtain cash therefore depends largely on PDO's operations. Accordingly, a material decrease or interruption in PDO's Oil and gas production and/or operations could implicate the Group's ability to make payments under the Notes. PDO is not an obligor with respect to Notes and holders of Notes have no recourse to PDO.

Any impairment of or restriction on the Group's ability to receive cash from PDO's operations could cause a decline in the price of Notes and could materially and adversely affect the Group's ability to make payments in respect of Notes.

PDO's Oil Operations are a joint operation over which the Group exercises control with Shell, exposing the Group to certain risks related to the operation of joint enterprises

The Group exercises joint control over PDO with Shell. The Group owns 60 per cent. of the outstanding share capital of PDO, with the remaining 40 per cent. owned by Shell (34 per cent.), TotalEnergies (4 per cent.) and PTTEP (2 per cent.). The Group's rights and obligations with respect to the management and conduct of the Oil Operations of PDO are governed by the Oil Concession Agreement, the operating agreement between the Government Participant, POHOL and PDO dated 19 December 2004 (the "**Oil Operating Agreement**") and the Petroleum Development Oman LLC shareholders' agreement between the Government Participant, PDO, Shell, TotalEnergies and PTTEP dated 19 December 2004 (the "**PDO Shareholders' Agreement**"). See "*Material Agreements*". The Government's Participant's rights and obligations under these agreements were transferred to the Group with effect from 24 February 2021.

Under the PDO Shareholders' Agreement, the Group is entitled to appoint seven members of the 12-member board of directors of PDO. The Group is also entitled, subject to Shell's agreement, to nominate the two senior members of the PDO management team, the managing director and deputy managing director. The board of directors of PDO (the "**PDO Board of Directors**") is responsible for making PDO's operational and management decisions. Any resolution of the PDO Board of Directors (whether taken at a meeting or by way of written resolution) must be approved by directors appointed by shareholders holding not less than 75 per cent. of the total number of shares of PDO. Both EDO and Shell have the ability to approve or block decisions on relevant activities, as outlined in the PDO Shareholders' Agreement, and EDO must act together with Shell in order to direct the activities of PDO. The Group's investment in PDO is classified as a joint operation for accounting purposes and is not consolidated.

The Group's investment in PDO is subject to a number of risks and challenges, including:

- a change in the current or anticipated operational performance of, or an announcement of adverse changes or events by, PDO could lead to an impairment charge to the Group's investment;

- significant asset impairments, material asset or business sales, changes in operational performance or loss of key personnel at PDO, amongst other factors, could impact PDO's performance and impair its ability to achieve its guidance and targets, which could impact the Group's business, financial condition, cash flows and results of operations;
- The Group's business and legal interests may not always be aligned with those of Shell, and there can be no assurance that PDO will be successful or achieve its planned objectives; and
- The Group may not have the level of control over PDO that it requires to fulfil its strategic goals or to prevent quality control issues, inefficiencies or other operational problems.

Furthermore, Shell may take actions contrary to the Group's requests or contrary to its policies or objectives or be unable or unwilling to fulfil its obligations under the PDO Shareholders' Agreement. A serious dispute with Shell or serious problems arising in PDO may cause the loss of business opportunities or disruption to or termination of the PDO Shareholders' Agreement.

Any of the above risks, if they materialise, may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Disruptions in global credit markets may adversely affect the ability of the Group to secure financing

The Group anticipates that it will continue to require significant amounts of financing in the future, both to fund planned Capital Expenditure and to refinance debt as it matures.

Global credit markets have been and continue to be affected by periods of uncertainty, volatility and disruption, including most recently as a result of the Russia-Ukraine War, US and European bank failures, inflation and the Israel-Hamas War. These challenging market conditions have resulted in higher interest rates, reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. The worsening of general global economic conditions or any further changes in investment markets, including, but not limited to, changes in expectations for international, regional or local growth rates, geopolitical tensions, commodity prices, international interest rates, exchange rates and returns from equity, property and other investments, may affect the ability of the Group to secure financing on terms similar to those received in the past or at all. These factors, which may also contribute to lower bond prices and higher yields, increase the cost of bond financing. Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

Legal and Regulatory Risks

The Group operates in a regulated industry and its business may be affected by regulatory changes

The Group is subject to various laws and regulations, including those relating to taxation, financial markets regulation, economic sanctions, licences over resources, exploration, development of projects, production and post-closure reclamation, the employment of expatriates and "Omanisation", labour and occupational health and safety standards, pensions, historical and cultural preservation and anti-bribery and anti-corruption measures. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time, or the Government may take additional actions under its regulatory powers. For example, on 7 April 2021, the Government issued Royal Decree № 33/2021 requiring the integration of public sector pension funds in Oman, including the PDO employee pension fund, into a new Social Security Fund (the "**SSF**"). In July 2023, Royal Decrees 50/2023 and 52/2023 were issued, establishing the SSF and issuing the Social Protection Law, which entered into force on 1 January 2024, respectively. The PDO Omani Pension Fund (the "**OPF**") was mandated to transfer a segment of the OPF's assets and liabilities to the SSF

by this date. PDO is in the process of finalising its post-integration arrangements and is in discussion with the Government to finalise the key assumptions which will enable PDO to quantify the liability which needs to be transferred to the SSF. This exercise is expected to be completed before 1 January 2025.

Oman has also recently issued a Personal Data Protection Law (the "**PDPL**"), promulgated by Royal Decree № 6/2022, which came into force in February 2023 and replaces the previous limited data protection regime contained in Chapter 7 of the Electronic Transactions Law (Royal Decree № 69/2008). The PDPL applies to the processing of personal data and the responsible regulatory authority is the Ministry of Transport, Communications and Information Technology (the "**MTCIT**"). The Executive Regulations of the PDPL (Ministerial Decision № 34/2024) (the "**PDPL Regulations**") were published on 4 February 2024 and entered into force on 5 February 2024. The PDPL Regulations expand on and clarify a number of the obligations outlined in the PDPL, including, for example, the requirement for Omani entities to appoint a data protection officer, as well as other reporting obligations. Those subject to the PDPL Regulations are required to align their practices to ensure compliance by 5 February 2025. Given the novelty of the PDPL Regulations, the extent of the PDPL's application to and precise impact on the Group's activities and business is not fully known.

In general, for the vast majority of cases in which the PDPL applies, any processing of personal data requires the express written consent of the relevant person, and proof of consent must be obtained by the legal or natural person who is deciding the means and objectives of processing. The relevant person whose data is to be processed must be notified of certain information concerning processing prior to such processing taking place. The data controller must also obtain the written consent of such data subjects before sending them any advertising or marketing material, in the manner specified in the PDPL Regulations. Data subjects have a number of rights, including a right to revoke consent to processing, to request amendment, updating, or erasure of their personal data, the right to obtain a copy of the personal data or have it transferred to another data controller. Data controllers must establish appropriate procedures, records, controls and technical measures, assess the risks of processing for data subjects, and comply with other procedures specified in the PDPL Regulations. Processing related to genetic or biometric data, health data, data concerning ethnic origin, political or religious opinions, beliefs, criminal convictions or security measures is not allowed without obtaining a permit from the MTCIT, under a procedure set out in the PDPL Regulations. Data controllers must appoint a data protection officer. There is also an obligation to inform the MTCIT and the data subject of any data breach. The transfer of personal data outside of Oman must be in accordance with the controls and measures specified in the PDPL Regulations. There are limited exclusions where the PDPL does not apply to the processing of personal data, such as where the data is publicly available in a manner that does not violate the provisions of the PDPL, where processing is done to fulfil a legal obligation or for the purposes of entering into a contract or to protect a vital interest of the relevant person, or where processing is performed in a personal or family context.

Any failure by the Group to comply with any of these laws or regulations could result in significant penalties and legal liabilities, the temporary or permanent suspension of production of any affected products, and restrictions on the Group's business. For example, the Oil and gas industry in Oman is a regulated industry. Any change in Oman to the laws, regulations, policies or practices relating to the Oil and gas industry could have a material adverse effect on the Group's business. In addition, although the Concessions have been granted until 31 December 2044, there is no assurance that the Government will not revoke the Concessions in whole or in part or adversely change the rights in respect of the Concessions. The occurrence of any of these events could have a significant effect on the Group's business, financial condition, cash flows and results of operations.

PDO is required to obtain, maintain and renew Government licences, permits and approvals in order to operate its business

The rights and obligations of EDO and POHOL under the Oil Concession, and the rights and obligations of EDO Gas under the Gas Concession, underpin the licences, permits and approvals necessary for PDO to

conduct business in Oman with respect to its hydrocarbon operations and related activities. PDO is required to obtain and renew licences, permits and approvals required under applicable law. There can be no assurance that the relevant authorities will issue any such licences, permits or approvals in the anticipated time frame or at all. The Concessions and future licences, permits and approvals may be suspended, terminated or revoked if the licensee fails to comply with the relevant requirements, does not make timely payments of all applicable levies and taxes, systematically fails to provide information, becomes bankrupt or fails to fulfil any Capital Expenditure or production obligations. PDO may not comply with certain requirements. If it fails to fulfil the specific terms of the Concessions or if it operates in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the Concessions, any of which could have an adverse effect on the Group's business, financial condition, cash flows and results of operations.

In addition, to operate the Oil and gas businesses, PDO must obtain permits and authorisations to conduct operations, such as land allotments, approvals of designs and feasibility studies, pilot projects and development plans, for the construction of any facilities onsite. It may not be able to obtain or renew all required permits and authorisations. If PDO fails to receive any required permits or authorisations, it may have to delay investment or development programmes, or both, which could have a material adverse effect on the Group's ability to implement their strategy.

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

PDO's operations are subject to laws and regulations relating to environmental protection, health and safety. These laws and regulations govern, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, groundwater use and contamination and the health and safety of PDO's employees and the communities in which it operates. Compliance with these obligations can result in significant expenditures.

Environmental contamination, toxicity and explosions from leakage and associated penalties are inherent risks in all elements of the Oil and gas business. If PDO fails to comply with applicable laws and regulations, the Group could be subject to fines or the partial or total shutdown of related operations. In addition, a stricter interpretation of existing laws and regulations, any changes in these laws and regulations or the enactment of new laws and regulations may impose new obligations on PDO or otherwise adversely affect the Group. Existing and future environmental and climate-related laws and regulations, as well as applicable international accords to which PDO is subject, could also require it to, among other things, purchase, use or install expensive pollution control, reduction or remediation equipment, and implement climate change mitigation programmes, abatement or reduction of GHG emissions programmes and/or carbon credit trading programmes.

The Group may also (i) incur significant costs associated with the investigation, clean-up and restoration of contaminated land, water or ecosystems, as well as claims for damage to property, and (ii) face claims of death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties of others resulting from its operations (including potentially from the transportation of hazardous substances and products, feedstock or chemical pollution). Any such costs or liabilities could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Violations of applicable sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, could adversely affect the Group

European, US and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating or investing in certain countries in the MENA region have been subject to such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions

regimes are often broad in scope and difficult to interpret. Neither EDO nor any of its affiliates are currently the target or subject of any such sanctions.

The Office of Foreign Assets Control of the US Department of Treasury ("**OFAC**"), as well as other departments of the United States government, administer regulations that restrict the ability of US persons to invest in, or otherwise engage in business with, certain countries and specially designated nationals (together, "**Sanction Targets**"). As the Group is not a Sanction Target, OFAC regulations do not prohibit US persons from investing in, or otherwise engaging in business with, the Group. However, to the extent that the Group invests in, or otherwise engages in business with, Sanction Targets in the future, US persons investing in the Group, including through the purchase of securities issued by EDO, may incur the risk of indirect contact with Sanction Targets.

There can be no assurance that the Group's corporate governance, compliance and ethics policies and procedures (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption) will protect it from the improper conduct of its employees or business partners, which could result in substantial civil or criminal penalties. If the Group was sanctioned in the future, as a result of its transactions with other parties or otherwise, such sanctions could result in asset freezes against the Group, restrictions on investors trading securities issued by the Group or other adverse consequences. Such penalties or sanctions could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Litigation, including international trade litigation, could adversely affect the Group's business, financial condition, cash flows and results of operations

From time to time, PDO is and the Group may be subject to litigation arising out of their operations. Damages claimed under litigation to which the Group is a party may be material or may be indeterminate, and the outcome of such litigation may materially and adversely impact the Group's business, results of operations and financial condition. Litigation could result in substantial costs (including civil or criminal penalties, or both, damages or the imposition of import trade measures) and require significant expenses and resources and may divert management attention to defend against such litigation.

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

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

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

In addition, Oman is a party to international trade agreements, such as World Trade Organisation agreements, that include commitments with respect to the composition of its laws, regulations and practices that impact

international trade. Oman may become a party to other such agreements in the future. Compliance by Oman with any such commitments may directly or indirectly impact the Group and could cause it to alter its operations in a manner that is costly or otherwise has a material adverse effect on the Group's business, financial condition, cash flows and results of operations. If Oman fails to comply with these commitments, the Group's business operations could be exposed to scrutiny and the Group's exports could be subject to potential remedial measures, such as duties, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

EDO's assets could be deemed "plan assets" that are subject to the requirements of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986 (the "Code"); prohibited transactions may arise if any of the Notes are acquired by a Benefit Plan Investor

If the Notes are considered to be "equity interests" for the purposes of the Plan Assets Regulation (as defined in "*Certain ERISA Considerations*") or EDO does not qualify as an "operating company" under an exception in the regulations promulgated by the United States Department of Labor set forth at 29 C.F.R. §.2510.3-101, as modified by Section 3(42) of ERISA, EDO's assets could be deemed to be "plan assets" subject to the constraints of ERISA and there could be adverse consequences for EDO. If the Notes are not considered to be "equity interests" or EDO qualifies as an "operating company" for the purposes of the Plan Assets Regulation, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may still arise if any of the Notes are acquired by a Benefit Plan Investor with respect to which EDO is a Party in Interest (as defined in "*Certain ERISA Considerations*"). Each purchaser and subsequent transferee of a Note (or any interest therein) will be deemed to represent and warrant, on each day from the date on which the purchaser or transferee acquires the Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note (or any interest therein), that, unless otherwise provided in a supplement to the Base Offering Circular, either (i) it is not, is not using the assets of, and shall not at any time hold such Note (or any interest therein) for or on behalf of, an employee benefit plan as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a plan as defined in and subject to Section 4975 of the Code, an entity whose underlying assets include (or are deemed for the purposes of ERISA or the Code to include) "plan assets" by reason of any such employee benefit plan's or plans' investment in the entity, or a governmental, church or non-US plan subject to any Similar Law (as defined under "*Certain ERISA Considerations*") or (ii) its acquisition, holding and disposition of the Note would not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any Similar Law. Any purported purchase or transfer of such Note (or any interest therein) that does not comply with the foregoing shall be null and void. See the section entitled "*Certain ERISA Considerations*". However, purchases and sales of the Notes (or any interests therein) will not be monitored by any person for compliance with such restrictions, and no assurance can be given with respect to such compliance.

Risks Related to Oman

The Group is directly wholly owned by the Government of the Sultanate of Oman. All of Oil and gas assets are located in Oman. As a result, the occurrence of any of the factors below, or any other factors, which negatively affect Oman's economy, the Government or attractiveness to international investors, could have a material adverse impact on the Group and thereby affect the price of any Notes issued under the Programme.

Ongoing geo-political and security risks within the MENA region, such as the Israel-Hamas War, may have an adverse effect on the stability of the Omani economy and thereby the business of the Group

Oman is located in the MENA region. The MENA region is strategically important geopolitically and parts of this region have, at times, experienced political and security concerns and social unrest. This has included regional wars, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011, there has been political unrest in a range of countries in the region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Syria, Tunisia and Yemen. This unrest in the MENA region has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of changes in government in some countries as a result of civil unrest and increased political uncertainty across the region. The region is currently subject to a number of armed conflicts, including the Israel-Hamas War. On 7 October 2023, Hamas launched an attack on a number of Israeli cities, killing a significant number of civilians and Israeli defence force members. In response, the Government of Israel mobilised Israeli defence forces and began a large-scale military operation against Hamas in the Gaza Strip. The war also threatens regional escalation. Iraq, Lebanon, Syria and Yemen have been impacted as militias claiming to support Hamas, including the Houthis in Yemen, have attacked Israel and US military installations across the MENA region. The Houthis have also disrupted international trade routes through the Red Sea by targeting ships with missiles. This has resulted in multiple airstrikes against the Houthis in Yemen by a US-led coalition. At the end of January 2024, the threat of regional escalation increased after three US soldiers in Jordan were killed in a drone strike by a militia affiliated with Iran and US President Joseph Biden promised US retaliation. The scale, duration, and impact of the Israel-Hamas War and related hostilities and conflicts on the region are currently unclear and cannot be predicted with any certainty and a wider regional conflict could have a material adverse impact on Oman, as well as the regional and global economy.

Furthermore, the ongoing security situation in Iraq and Syria, the civil war in Yemen, ongoing conflicts with the non-state terrorist group known as DAESH or ISIS and periodic attacks on oil facilities in the Kingdom of Saudi Arabia could impact Oman. Any further deterioration in political stability in the region, or increase in conflict between the United States and certain governments in the MENA region has the potential to adversely affect regional security, as well as global oil and gas prices. Such a deterioration in relations, should it materialise, could adversely impact Oman and broader regional security, potentially including the outbreak of a regional conflict.

In June 2017, three Gulf Cooperation Council ("**GCC**") countries, Saudi Arabia**,** the United Arab Emirates (the "**UAE**") and Bahrain, as well as Chad, Comoros, Egypt, Maldives, Mauritania, Senegal and Yemen, severed diplomatic ties and cut trade and transport links with, and imposed sanctions on, Qatar. In addition, Djibouti, Jordan and Niger downgraded diplomatic ties with Qatar. These countries have accused Qatar of supporting extremist groups. Oman remained neutral during the dispute and undertook diplomatic efforts to help resolve it. On 5 January 2021, Saudi Arabia, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries. Although the Qatar blockade has been lifted and diplomatic relations have largely resumed among all of the countries, future disputes between countries in the region may impact Oman, the region or emerging markets generally.

Oman is, and will continue to be, affected by political developments in or affecting the MENA region and investors' reactions to developments in any country in the MENA region may affect the securities of issuers in other markets within the region, including Oman. Although Oman has not recently experienced terrorist attacks, a number of countries in the MENA region, such as Egypt and Turkey, have experienced terrorist attacks and there can be no assurance that extremists or terrorist groups will not initiate violent activity in Oman. Any terrorist incidents in, or affecting, Oman or increased regional geopolitical instability (whether or not directly involving Oman) may have a material adverse effect on Oman's attractiveness for foreign

investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, balance of payment and fiscal positions.

Oman is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to Oman. Foreign businesses, tourists and, to a lesser extent, expatriate workers are more sensitive to political instability in a country and more ready to shift their activities to alternate countries that are not experiencing such instability. The Government aims to increase domestic employment as part of its "Omanisation" (as defined below) process, which could also reduce the number of expatriate workers. Furthermore, the number of expatriate workers in Oman has reduced significantly due to the COVID-19 pandemic. If Oman were to be impacted by the ongoing regional instability or if terrorist incidents were to occur in Oman, its economy and, in particular, its efforts to diversify its economy could be adversely affected.

In addition, some of EDO's Oil is exported using international supply routes. In particular, the Suez Canal is a key shipping route for part of EDO's Oil and is located in an area subject to political or armed conflict from time to time that may disrupt the route. Use of the canal itself may also be disrupted for other reasons, including, but not limited to, shipping accidents. For example, in March 2021, the Suez Canal was blocked for six days after the *Ever Given*, a 200,000-tonne container ship, became grounded across the waterway delaying an estimated US$9.6 billion worth of trade and significantly increasing the cost of renting certain cargo vessels. Any political or armed conflict or other event that impacts use of the Suez Canal or other international shipping routes could have a material adverse effect on the Group.

Furthermore, other world events could have an impact on Oman's political and security situation. Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States. Although Oman aims to maintain the existing cordial relationship with the United States, a shift in the relationship between Oman and the United States and/or other countries across the region or changing US political priorities in the region could have a material adverse effect on Oman's economic, political or financial condition, which, in turn, could have a material adverse effect on the Group's results of operations and/or financial condition.

Oman's efforts to diversify its economy, decrease Government spending and implement more extensive tax collection may not be successful, which may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

Oman's economy is dependent on the Oil and gas industry. Oman's total 2P Oil and NAG condensate reserves were 4,905 million barrels as at 31 December 2022 compared to 4,876 million barrels as at 31 December 2021. Oman's total 2P Oil and NAG condensate reserves for 2023 are not available as of the date of this Base Offering Circular. If Oil prices are at the lower levels of recent years, Oman may have to cancel or scale back planned or future development of Oil and gas production, especially where production assumptions rely on more challenging methods or have technological constraints on the extraction of "tight" Oil or gas, which, in turn, would lead to actual, extractable reserves being less than current estimates.

The Government has a long-term strategy to diversify Oman's economy away from its reliance on Oil as the single major revenue source. The Group is a key element of this strategy. However, there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on Oil will be successful. In particular, Oman's attempts to diversify may mean that it undertakes projects in areas in which it has little or no previous experience or for which there are significant economic risks. In addition, its ability to engage in large-scale infrastructure projects and other large expenditures that support its diversification efforts could be reduced, or the projects themselves made economically unfeasible by reduced Oil prices. For example, delays in or cancellation of any government infrastructure projects or other initiatives resulting from economic difficulties caused by very low Oil prices, or for any other reason, could have a significant effect on the growth rate of the Omani economy, which could also have an impact on investments in the Group.

In addition, efforts to reduce Government expenditure beyond current planned reductions may become more difficult and even current planned reductions may not be achieved. In particular, the Omani economy's reliance on Oil and the Government's economic reforms, combined with economic shocks like the effects of the Russia-Ukraine War, may present further challenges to Oman's economy and lead to social unrest, such as the demonstrations against economic measures that occurred in May 2021. Moreover, past and future reductions may not be sustainable as cuts to health, education and other social benefits could lead to social unrest if such reductions are too significant or happen too fast. Similarly, measures to increase non-Oil and gas revenues, such as new or increased taxes and administrative fees, may not be successful and could lead to public discontent and/or social unrest. The occurrence of any such events may have a material adverse effect the Group's business, financial condition, cash flows and results of operations.

Oman has had a large fiscal deficit and increasing indebtedness

While revenues, in particular Oil revenues, declined in the past during periods of relatively low Oil prices, Government spending has been stable, resulting in large fiscal deficits. See "*Risk Factors—Oman's economy is highly dependent upon its hydrocarbon-related revenue and any sustained periods of low Oil prices may materially reduce the likelihood of financial support for the Group from the Government should it be needed in future periods*" above.

Oman has taken a number of measures in recent years to reduce its deficit, including limiting new Government hiring and promotions, implementing a pay freeze in respect of civil servant compensation, eliminating certain fuel subsidies, reducing certain operating expenditures and the defence budget and issuing instructions to all spending units in key line ministries to curtail non-essential current expenditure and to increase efficiency, as well as implementing changes in the taxation system. However, Oman's ability to implement sizeable spending reductions may be difficult as a result of Oman's low budgetary flexibility, which is caused by factors such as Oman's necessary capital expenditure to support Oil production and a large public sector payroll.

A failure to reduce the budget deficit and/or public spending (and the corresponding effect on the size of Oman's public debt) could make the economy more susceptible to the risks associated with the sectors in which the economy is concentrated (for example, the Oil industry) and any downturn in such sectors or the economy generally could have an adverse effect on the economic and financial condition of Oman. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

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

Since 1973, the Omani Rial has been pegged to the US dollar at a rate of US$2.6008 to OMR 1, which has remained unchanged since 1986. The maintenance of this currency peg is a firm policy of the Central Bank of Oman. However, there is no assurance that the Central Bank of Oman will be able to continue to maintain the currency peg in the future. In particular, there can be no guarantee that the assets in Oman's various sovereign wealth funds could be liquidated at their current market value (and thus added to the reserves available to support the Omani Rial and the currency peg) in the event of a market downturn. If the Central Bank of Oman cannot maintain the currency peg to the US dollar or, failing that, a stable exchange rate versus the US dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy and ability to service its debt. This, in turn, could have a material adverse effect the Group's business.

In addition, because of the currency peg to the US dollar, the Central Bank of Oman does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the Central Bank of Oman's ability to independently manage interest rates and, thus, influence the condition of the Omani economy through monetary policy actions is constrained. For example, as the US Federal Reserve has raised its main interest rate in 2022 and 2023, Oman and other Gulf central banks have increased their interest rates. If the

US Federal Reserve were to continue to increase interest rates and the Central Bank of Oman were to delay significantly in increasing its own rates, this could result in significant pressure on the currency peg. This lack of flexibility could have an adverse effect on Oman's foreign trade and domestic demand and, in turn, on its economy. In addition, recent IMF publications have linked increases in Federal Reserve policy rates to reductions in non-Oil activity in GCC countries, an effect which may be magnified in low Oil price environments.

Water shortages could materially adversely affect Oman, which could have an adverse effect on the Group's business, financial condition, cash flows and results of operations

Oman is an arid region, located in one of the most water-deprived areas of the world. It has extremely limited water resources and is highly dependent on unpredictable and limited rainfall. In addition, climate change is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding. There are two main types of water resources in Oman, being conventional water sources such as surface and ground water sources, and non-conventional water sources, including desalination, which is very energy-intensive, and treated wastewater. There is concern that the demand from ground water supplies in Oman is too high to be sustainable, due to, amongst other factors, a high and continuing demand from Oman's agricultural industry. The overuse of groundwater aquifers to supply resources to the agricultural industry has led to the intrusion of seawater supplies from the lower aquifers, which contaminates existing groundwater resources.

Although the Government has undertaken a number of steps to protect the water supply available in Oman, including enacting laws and regulations aimed at prevention of water depletion or pollution, as well as a policy of reducing reliance on ground-water drinking water supply through the use of desalination plants, the population and the economy of Oman remain subject to the risk of adverse changes in rainfall patterns and disruptions to ground and other water supplies, which may be exacerbated by climate change. Accordingly, there can be no assurance that Oman will not suffer from water shortages in the future, which could materially adversely affect Oman's economy and may lead to social unrest, which could, in turn, have an adverse effect on the Group's business, financial condition, cash flows and results of operations.

The developing legal and business environment and perceived governance risks could disrupt the Group's ability to conduct business and could materially adversely affect their respective business, financial condition, cash flows and results of operations

Oman's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions in more developed jurisdictions. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Oman may face uncertainty as to the security of their investments. Any unexpected changes in Oman's legal system, such as changes to the recognition or enforcement of foreign judgements, may have a material adverse effect on the rights of Noteholders.

Oman was ranked 70 out of 180 countries in Transparency International's 2023 Corruption Perceptions Index and scored 43/100 (with 1 the most corrupt score and 100 being the least corrupt). In 2022, Oman was ranked 44 and scored 69/100 and in 2021 ranked 66 and scored 45/100.

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Oman, as well as failure to implement the proposed reforms to improve Oman's business climate, including any Governmental initiatives to increase trade and competitiveness, could have a material adverse effect upon Oman's ability to attract foreign investment and lead to further instances of political instability, which could, in turn, have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Investing in securities involving emerging markets such as Oman generally involves a higher degree of risk

Investing in securities involving emerging markets, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. Oman's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. International investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors and Oman could be adversely affected by negative economic or financial developments in other emerging market countries. Key factors affecting the environment include the timing and size of adjustments in interest rates in the United States, evidence of a slowdown in China and geopolitical tensions in the Middle East, as well as the on-going war between Russia and Ukraine.

In addition, certain emerging markets, including Turkey, are currently experiencing adverse economic events, including depreciation of the local currency and rising inflation. Such events may reduce investors' interest in emerging markets in general, including Oman, and there can be no assurance that Oman will not be affected by investors' reactions to the negative economic conditions in Turkey, Argentina or elsewhere or more generally if a "contagion" effect occurs.

Accordingly, there can be no assurance that the market for securities bearing emerging market risk will not be affected negatively by events elsewhere, especially in emerging markets. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Risks Related to the Structure of a Particular Issue of Notes

Notes of a variety of structures may be issued. A number of these structures may have features, which contain particular risks for potential investors. Set out below is a description of the most common such features:

The Notes may be subject to optional redemption by the Issuer. If the Issuer has the right to redeem Notes at its option, this may limit the market value and liquidity of the Notes concerned, and an investor may not be able to reinvest the redemption proceeds in a manner that achieves a similar effective return

An optional redemption feature is likely to limit the market value and liquidity of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

Notes may be redeemed prior to their final maturity date for tax reasons

If the Issuer or the Guarantor becomes obliged to pay any additional amounts in respect of a Series of Notes, as provided or referred to in Condition 8, as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective in the circumstances described in Condition 8, the Issuer may redeem all (but not some) of the outstanding Notes of the relevant Series in accordance with Condition 7(b).

In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes will generally not rise substantially above the Early Redemption Amount. Potential investors should consider reinvestment risk in light of other investments available at that time.

Inverse Floating Rate Notes are subject to increased volatility

Inverse Floating Rate Notes have an interest rate equal to a fixed rate, minus a rate based upon a reference rate, such as the Euro interbank offered rate ("**EURIBOR**"). The market values of those Notes are typically more volatile than the market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, it may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market and the market value of such Notes as the change of interest basis may result in a lower interest return for holders of Notes ("**Noteholders**"). Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes, which could affect the market value of the relevant Notes.

Notes that are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes that are issued with variable interest rates or are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors or caps or floors or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The

UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a bench, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

More broadly, any of the international or national reforms or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

For example, the working group on Euro risk-free rates for the Euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, *inter alia*, new Euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, *inter alia*, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system. On 11 May 2021, the Euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the Rate of Interest (or the relevant component part thereof) on Floating Rate Notes which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes set out in the Conditions. Depending on the manner in which the Rate of Interest is to be determined under the Conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies, result in the Rate of Interest (or the relevant component part thereof) being set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions), which may be determined by an Independent Adviser (as defined in the Conditions) or lead to the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available, as further described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an original Reference Rate (as defined in the Conditions) becomes unavailable, or if the Issuer, the Principal Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Pricing Supplement) is no longer permitted lawfully to calculate interest on any Notes by reference to such an original Reference Rate under the EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, or otherwise. Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with the application of an Adjustment Spread (as defined in the Conditions) and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread is (i) the spread, formula or methodology which, in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) determines

is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, (iii) if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be or (iv) if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate. The use of a Successor Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Furthermore, if a Successor Rate, Alternative Reference Rate or Adjustment Spread is determined by the Independent Adviser, the Conditions provide the Issuer may vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate, Alternative Reference Rate or Adjustment Spread, without any requirement for consent or approval of the Noteholders.

In addition, the market (if any) for Notes linked to any such Successor Rate or Alternative Reference Rate may be less liquid than the market for Notes linked to the original Reference Rate. Prospective investors should note that neither the Issuer nor any Independent Adviser appointed pursuant to the Conditions shall, in the absence of bad faith, wilful default or fraud have any liability whatsoever to the Principal Paying Agent, the other paying agents, the Noteholders or the Couponholders (as defined in the Conditions) for any determination made by it pursuant to the Conditions.

Risks Related to Notes Generally

Set out below is a description of risks relating to the Notes generally:

The Notes issued under the Programme will be obligations exclusively of EDO and the Guarantee will be the obligation exclusively of EDO Gas SPC and neither will be guaranteed by PDO. PDO is not an obligor with respect to the Notes and holders of the Notes have no recourse to PDO.

As a result, the Notes will be structurally subordinated to existing or future preferred stock, indebtedness, guarantees and other liabilities, including trade payables, of EDO's subsidiaries (other than EDO Gas SPC).

The Conditions will not restrict EDO or its subsidiaries from incurring substantial additional unsecured indebtedness in the future.

EDO's subsidiaries are separate and distinct legal entities from EDO. EDO's subsidiaries (other than EDO Gas SPC) have no obligation to pay any amounts due on the Notes or to provide EDO with funds to meet EDO's payment obligations on the Notes. Any payment of dividends, loans or advances by EDO's subsidiaries to EDO could be subject to contractual restrictions and will be contingent upon the subsidiaries' earnings and business considerations. EDO's right to receive any assets of any of its subsidiaries upon their bankruptcy, liquidation or similar reorganisation, and therefore the right of the holders of the Notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary's (other than EDO Gas SPC) creditors, including trade creditors. Even if EDO is a creditor of any of its subsidiaries (other than EDO Gas SPC), its rights as a creditor would be subordinate to any security interest in the assets of such subsidiaries and any indebtedness of such subsidiaries senior to that held by EDO.

The Notes are subject to the risk that withholding tax may become applicable to payments made by the Issuer or the Guarantor to Noteholders who are not Oman Tax Residents if Oman's suspension of withholding tax deductions with respect to interest amounts payable on foreign borrowings is reversed, withdrawn or successfully challenged

Pursuant to Article 52 of the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Oman Income Tax Law**") (as amended by Royal Decree 09/2017 and by Royal Decree 118/2020, the "**Tax Amendments**"), there is a withholding tax levy on certain payments, as provided by the Oman Income Tax Law, to persons who are not Oman Tax Residents (as defined in "*Taxation—Oman*") in the cases specified in Article 40 of the Oman Income Tax Law.

On 11 January 2023, a Royal Directive was issued under which it was announced that withholding tax would no longer apply to dividend distributions and interest amounts (the "**2023 Royal Directive**"). The 2023 Royal Directive has not been issued by way of a formal Royal Decree or published in the Official Gazette and no official confirmation of the form or text of the 2023 Royal Directive has been released, however, details were published online by the Omani Ministry of Interior.

In addition, on 30 October 2023, the Public Debt Law (promulgated by Royal Decree 68/2023) came into force in Oman and confirmed that "Public Debt Instruments" (as defined therein and which include Government bonds, treasury bills, Sukuk, loan guarantees and loan agreements), their value, returns, interest or profits resulting therefrom will not be subject to fees or taxes (the "**Public Debt Tax Exemption**"). Whilst Public Debt Instruments are referred to as those denominated in Omani Rial, EDO and EDO Gas understand that the Public Debt Law is intended to apply more broadly to all such instruments issued by the Government of Oman and regardless of currency. The implementing regulations of the Public Debt Law have not yet been issued and further guidance on the application of the Public Debt Tax Exemption and whether it extends to Government-related entities (such as EDO Gas and the Guarantor) may be set out in those regulations.

Whilst the 2023 Royal Directive has the effect of suspending withholding tax applicable to interest payments made by EDO or EDO Gas to persons who are not Oman Tax Residents, in the event that there is a subsequent reversal, withdrawal or amendment of such withholding taxation policy, or if further regulation and guidance does not extend the Public Debt Tax Exemption to securities issued by Government-related entities (such as EDO and EDO Gas), and interest or principal payments in respect of the Notes were to become subject to

any withholding or deduction for or on account of any Omani taxes, EDO and EDO Gas have undertaken (subject to certain customary exceptions) to pay such additional amounts as will result in the receipt by the beneficiary of the relevant payment obligations of such amounts as would have been received by them had no such withholding or deduction been required as more fully described in Condition 8. There can, however, be no assurance as to what the financial impact will be on EDO and EDO Gas if either of them is required to pay such additional amounts or whether such impact will be material or adversely affect EDO's ability to make payments in respect of the Notes. If such additional amounts become payable in respect of a Series, as provided or referred to in Condition 8, EDO may, subject to certain conditions, also redeem all (but not some) of the outstanding Notes of the relevant Series in accordance with Condition 7(b) (see "*— Risks Related to the Structure of a Particular Issue of Notes—Notes may be redeemed prior to their final maturity date for tax reasons*").

The Conditions contain provisions which may permit their modification without the consent of all investors

The Conditions contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically and including those Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Principal Paying Agent and the Issuer or the Guarantor, as the case may be, may, without the consent of Noteholders, agree to: (i) certain modifications in relation to the Notes, the Coupons, the amended and restated agency agreement (the "**Agency Agreement**"), the Deed of Covenant, the Deed Poll or the Guarantee which are not prejudicial to the interests of the Noteholders; or (ii) any modification of the Notes, the Coupons, the Agency Agreement, the Deed of Covenant, the Deed Poll or the Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders. In addition, the Principal Paying Agent shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(b)(iii) without the consent or sanction of Noteholders.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The structure of the issue of the Notes issuable under the Programme, as well as the Conditions and the Guarantee, are based on English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments in respect of the Notes, of the Issuer to comply with its obligations under the Notes, or of the Guarantor to comply with its obligations under the Guarantee.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes that have denominations consisting of a minimum Specified Denomination plus one or more permissible integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a

Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a nominal amount of Notes at, or in excess of, the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on the procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each, as defined in "*Form of the Notes*"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While Notes are represented by a Global Note, investors will only be able to trade their beneficial interests through the relevant clearing systems and their respective participants.

While Notes are represented by Global Notes, the Issuer will discharge its payment obligation under such Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or for payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Transferability of the Notes may be limited under applicable securities laws

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction of the United States. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

The issuance of additional Notes that are not fungible with the original Notes for U.S. federal income tax purposes could impact the trading price of the original Notes.

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with original issue discount ("**OID**") even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Risks Related to Enforcement

Limitations on the enforcement of arbitral awards

The Notes, the Agency Agreement, the Deed of Covenant, the Deed Poll and the Guarantee are governed by English law, and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration settled under the arbitration rules of the London Court of International Arbitration.

Foreign arbitration awards may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law. Oman has acceded to the New York Convention and ratified the Riyadh Convention. Oman has been a party to the New York Convention since 1998, and the courts of Oman have recognised and enforced a number of foreign arbitral awards. However, the Issuer and the Guarantor are also aware of a recent case (Vijay Tanks & Co LLC v Cape East Limited Company) for the annulment of a foreign arbitral award in which the Supreme Court held that the courts of Oman did have jurisdiction to consider the substantive grounds on which the case for annulment is based. In reaching its ruling, the Supreme Court relied upon its interpretation of Article 29 of the Oman Civil Procedure Law which provides that the courts of Oman have jurisdiction over claims that are filed against Omani persons, regardless of their place of residency. Whilst it should be noted that there is no doctrine of binding precedent under Omani law, the decisions of the Supreme Court may be persuasive. The decision of the Supreme Court in this instance raises risks about the enforceability of awards rendered in respect of foreign arbitration proceedings involving Omani individuals or entities as such awards may be vulnerable to annulment proceedings by the courts of Oman. The Issuer and the Guarantor have otherwise no reason to believe that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention or that the subject matter of the award is against public order or morality in Oman. The enforcement in Oman of any of the obligations of the Issuer under any of the Notes or of the Guarantor under the Guarantee, irrespective of whether the courts of Oman have given a judgment in favour of a party, will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), then such award may still be enforceable in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Law of Civil and Commercial Procedures of Oman, the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- the parties to the dispute were summoned to appear and were properly represented;
- it does not include any requests the basis of which breaches the laws enforced in Oman;
- it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;
- the country in which the said judgment or award was signed accepts the execution of judgments of Omani courts within its territories; and

- the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the Omani courts and the matter may have to be litigated *de novo* before the courts of Oman.

The Issuer's and the Guarantor's waivers of immunity may not be effective under the laws of Oman

Omani law provides that assets which are designated as public assets may not be subject to attachment. The issue as to whether the assets of the Issuer or the Guarantor are deemed to be public assets and therefore immune from attachment has not been confirmed by the Omani courts. Furthermore, should the assets of the Issuer or the Guarantor, as the case may be, be deemed not to be public assets, a judge in the Omani courts acting in relation to enforcement proceedings may place restrictions on the sale of some assets of the Issuer or the Guarantor, as the case may be, on the basis that such assets are public utilities. Each of the Issuer and the Guarantor has waived its rights in relation to immunity; however, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it are valid or binding under the laws of Oman and, to the knowledge of the Issuer and the Guarantor, such waivers have not been tested by the courts of Oman.

Tax laws are subject to change

Statements in this Base Offering Circular concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice are, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors. In addition, any change in legislation or in practice in Oman could adversely impact: (i) the ability of the Issuer to fulfil its obligations in respect of the Notes; (ii) the ability of the Guarantor to fulfil its obligations under the Guarantee; and (iii) the market value of the Notes.

Risks Related to the Market Generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of a Series of Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes

Notes may have no established trading market when issued and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The market value of the Notes may fluctuate and a lack of liquidity, in particular, can have a severe adverse effect on the market value of the Notes. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

If an investor holds Notes that are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or

revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected or no interest or principal at all.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. As of the date of this Base Offering Circular, EDO has been assigned a long-term foreign currency rating of BB+ (positive outlook) by S&P and a long-term foreign currency rating of BB+ (stable outlook) by Fitch.

The ratings may not reflect the potential impact of all risks related to structure, the market, the additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agencies at any time. In addition, due to the Group's relationship with the Government, EDO's rating is linked to and constrained by the rating of the sovereign.

In general, EEA-regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK-regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (x) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (y) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of any rating agency rating the Issuer, the Guarantor or a Series of Notes changes for the purposes of either the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able

to use the relevant rating for regulatory purposes in the EEA or the UK, as applicable, and such Notes may have a different regulatory treatment, which may, in turn, impact the value of such Notes and their liquidity in the secondary market whether or not a particular investor is so regulated in the EEA or the UK. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Circular.

OVERVIEW

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. It does not contain all the information investors may consider important in making their investment decision. Therefore, investors should read this entire Base Offering Circular carefully, including, in particular, the section entitled "Risk Factors". The Issuer and the relevant Dealer(s) may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, if appropriate, a new Base Offering Circular or a supplement to this Base Offering Circular will be published.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer	Energy Development Oman SAOC, a closed joint stock company incorporated in Oman on 24 December 2020 with commercial registration number 1378556 and its registered office at Mina Al Fahal, Muscat Governorate, P.O. Box 828, PC 116, Sultanate of Oman.
Guarantor	EDO Gas SPC, a sole proprietor company incorporated in Oman on 25 June 2023 with commercial registration number 1491751 and its registered office at Mina Al Fahal, Muscat Governorate, P.O. Box 828, PC 116, Sultanate of Oman.
Legal Entity Identifier ("LEI") of the Issuer	213800TVCPIPIJR4K761.
LEI of the Guarantor	213800T73DKVH95Z5Q16.
Risk Factors	An investment in the Notes involves certain risks. There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and the Guarantor's obligations to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme, risks related to the structure of a particular Series of Notes issued under the Programme, and risks related to enforcement and regulatory risks, which are set out under "*Risk Factors*".
Description	Global Medium Term Note Programme.
Arrangers	J.P. Morgan Securities plc and Standard Chartered Bank.
Dealers	J.P. Morgan Securities plc and Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement from time to time.
Principal Paying Agent and Exchange Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines,

	regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*"), including the following restrictions applicable at the date of this Base Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA, unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent; see "*Subscription and Sale and Transfer and Selling Restrictions*".
Programme size	The Programme size is unlimited, subject to compliance with all regulatory and other approvals required in connection with the issuance of Notes under the Programme or otherwise.
Issuance in Series	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will have the same terms and conditions or terms and conditions which are the same in all respects, except that the issue date, the amount and the date of the first payment of interest thereon and the date from which interest starts to accrue may be different in respect of the different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects.
Method of Issue and Distribution	Notes may be issued on a syndicated or non-syndicated basis and by way of a private or public placement or public offering. The specific terms of each Series will be recorded in the applicable Pricing Supplement.
Currencies	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Maturities	Notes will have such maturities as may be agreed between the Issuer, the Guarantor and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer and the Guarantor or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Pricing Supplement.
Status of Notes	The Notes, and any Coupons, will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) will rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Guarantee	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) will rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Form of Notes	Notes will be issued in bearer or registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. See "*Form of the Notes*".
Fixed Rate Notes	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and, on redemption, will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s).
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a Reference Rate set out in the applicable Pricing Supplement. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes. Floating Rate Notes may have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Benchmark Discontinuation	In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark specified in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark with a successor, replacement or alternative benchmark (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5(b)(iii).
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders (including following the occurrence of a Change of Control or the exercise of the Clean Up Call, each as described below) upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, relevant redemption dates and prices will be indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See "*—Certain Restrictions—Notes having a maturity of less than one year*".
Change of Control	If so specified in the applicable Pricing Supplement, each investor will have the right to require the redemption of its Notes if a Change of Control (as defined below) occurs. A "**Change of Control**" shall occur at the moment the government of Oman, including, without limitation, any agency of the government of Oman or any entity controlled by it, ceases, or enters into a definitive agreement pursuant to which it will cease, to own, legally and beneficially, directly or indirectly, in aggregate, more than 50 per cent. of the issued share capital of the Issuer or the Guarantor, as the case may be.
Clean-Up Call	If 75% or more of the aggregate nominal amount of the Notes of a Series then outstanding have been redeemed and/or purchased and cancelled, the Issuer may elect to redeem all but not some of the Notes of such Series then outstanding at the Clean Up Call Redemption Amount, together with any interest accrued but unpaid to (but excluding) the Clean Up Call Right Date, as specified in the applicable Pricing Supplement.
Taxation	All payments of principal and interest in respect of the Notes and Coupons will be made without withholding or deduction for or on account of any present or future taxes imposed by any Tax Jurisdiction as provided in Condition 8 unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the Issuer or, as the case may be, the Guarantor, will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. See "*Taxation*" and "*Risk Factors—Risks related to the Notes Generally—The Notes are subject to the risk that withholding tax may become applicable to payments made by the Issuer or the Guarantor to Noteholders who are not Oman Tax Residents if Oman's suspension of withholding tax deductions with respect to*

	interest amounts payable on foreign borrowings is reversed, withdrawn or successfully challenged".
Negative Pledge	The terms of the Notes will contain a negative pledge provision. See Condition 4.
Cross Acceleration	The terms of the Notes will contain a cross acceleration provision. See Condition 10(c).
Meetings of Noteholders, Modification and Waiver	The Conditions contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders. These provisions permit defined majorities to bind all Noteholders. See Condition 15.
Rating	The Issuer's long-term foreign currency rating is rated BB+ (positive outlook) by S&P and BB+ (stable outlook) by Fitch. Series of the Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. S&P is established in the EU and is registered in accordance with the CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited, in accordance with the UK CRA Regulation. Fitch is established in the EU and is registered in accordance with the CRA Regulation. The rating issued by Fitch has been endorsed by Fitch Ratings Ltd in accordance with the UK CRA Regulation.
Listing and Admission to Trading	Application will be made for Notes issued under the Programme to be admitted to trading on the ISM unless otherwise specified in the applicable Pricing Supplement. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer(s) in relation to the relevant Series of Notes. Notes which are neither listed nor admitted to trading on any market may also be issued.
Governing Law	The Notes, the Guarantee and any non-contractual obligations arising out of or in connection with the Notes or the Guarantee, as the case may be, will be governed by, and construed in accordance with, English law.
Dispute Resolution	Arbitration Rules of the London Court of International Arbitration. See Condition 18.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Oman, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market), the Dubai

	International Financial Centre, the Abu Dhabi Global Market, the State of Qatar (including the Qatar Financial Centre), Singapore, Japan, Hong Kong and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".
U.S. Selling Restrictions	Regulation S, Category 2 / Rule 144A. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes may be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and/or within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, a permanent global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**"), which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Notes issued pursuant to TEFRA D must be initially represented by a Temporary Bearer Global Note.

While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**"), which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or for (ii) Definitive Bearer Notes (each, a "**Definitive Bearer Note**") of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be)) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default (as defined in Condition 10) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so, and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences, which would not be suffered where the Notes are represented by Definitive Bearer Notes. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange

Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange, and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE U.S. INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States in accordance with Regulation S, will initially be represented by a global note in registered form (a "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held other than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, each a "**Registered Global Note**").

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company ("**DTC**") or (ii) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of the nominee for the common depositary of Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement and, in the case of Regulation S Global Notes, outside the United States and its possessions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an

Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default has occurred and is continuing; (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available; (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered where the Notes are represented by the Registered Notes in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Subscription and Sale and Transfer and Selling Restrictions*".**

General

Pursuant to the Agency Agreement (as defined in the Conditions), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series and be consolidated with an existing Tranche of Notes at a point in time after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series, until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then, from 8:00 p.m. (London time) on such day, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or DTC on, and subject to, the terms of a deed of covenant (the "**Deed of Covenant**") dated 5 April 2024 and executed by the Issuer. In addition, holders of interests in such Global Note credited

to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Conditions, in which event a supplement to this Base Offering Circular or a "drawdown" Offering Circular will be made available, which will describe the effect of the agreement reached in relation to such Notes.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement, which will be completed for each Tranche of Notes issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) № 2016/97 (as amended, the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) № 2017/1129. Consequently, no key information document required by Regulation (EU) № 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) № 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) № 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) № 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) № 1286/2014 as it forms part of UK law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [*the/each*] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [*the/each*] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) № 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**") only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are

appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration the manufacturer['s]/[s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s]/[s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018") –** In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

PRICING SUPPLEMENT

[*Date*]

Energy Development Oman SAOC

Legal entity identifier (LEI): 213800TVCPIPIJR4K761

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

EDO Gas SPC

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated [●] [and the supplement[s] to it dated [●] [and ●]] (the "**Base Offering Circular**"). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of a combination of this Pricing Supplement and the Base Offering Circular. The Base Offering Circular has been published via the regulatory news service maintained by the London Stock Exchange (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

1	Issuer:		Energy Development Oman SAOC
2	Guarantor:		EDO Gas SPC
3	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [25] below, which is expected to occur on or about [*date*]][Not Applicable]
4	Specified Currency or Currencies:		[ ]

5	Aggregate Nominal Amount:	[ ]
	(a) Series:	[ ]
	(b) Tranche:	[ ]
6	Issue Price:	[ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
7	(a) Specified Denominations:	[ ]
	(b) Calculation Amount (in relation to calculation of interest in global form (see Conditions)):	[ ]
8	(a) Issue Date:	[ ]
	(b) Interest Commencement Date:	[[ ]/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*)
9	Maturity Date:	[ ]/[Interest Payment Date falling in or nearest to [*specify month and year*]]
10	Interest Basis:	[[ ]% Fixed Rate] [[[ ] [ ] +/- [ ]% Floating Rate] [Zero coupon] (see paragraph [15]/[16]/[17] below)
11	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]% of their nominal amount
12	Change of Interest Basis:	[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
13	Put/Call Options:	[Investor Put] [Change of Control Put] [Issuer Call] [Clean Up Call Right] [(see paragraph [19]/[20]/[21]/[22] below)] [Not Applicable]
14	(a) Status of the Notes:	Senior
	(b) Status of the Guarantee:	Senior
	(c) [Date(s) of [Board] approval for issuance of Notes [and Guarantee] obtained:	[ ]] (*N.B.: Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Rate(s) of Interest:	[ ]% *per annum* payable in arrear on each Interest Payment Date
(b)	Interest Payment Date(s):	[ ] in each year up to, and including, the Maturity Date (*Amend appropriately in the case of irregular coupons*)
(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f)	Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
16	Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in sub-paragraph (b) below] [, not subject to adjustment, as the Business Day Convention in sub-paragraph (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ] (the "**Calculation Agent**")
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ]
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
	• Relevant Time:	[ ]

(g) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

(h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s): [+/-] [ ]% *per annum*

(j) Minimum Rate of Interest: [ ]% *per annum*

(k) Maximum Rate of Interest: [ ]% *per annum*

(l) Day Count Fraction: [Actual/Actual (ISDA)]
[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]

17 Zero Coupon Note Provisions [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Accrual Yield: [ ]% *per annum*

(b) Reference Price: [ ]

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

18 Notice periods for Condition 7(b): Minimum period: [30]/[ ] days
Maximum period: [60]/[ ] days

19 Issuer Call: [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [[ ] per Calculation Amount]

(c) Redeemable in part: [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Minimum Redemption Amount: [ ]

(ii) Maximum Redemption Amount: [ ]

	(d) Notice periods:	Minimum period: [15]/[ ] days Maximum period: [30]/[ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of the distribution of information through intermediaries, for example clearing systems* (*which require a minimum of five clearing system business days*' *notice for a call*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount:	[ ] per Calculation Amount
	(c) Notice periods:	Minimum period: [15]/[ ] days Maximum period: [30]/[ ] days (*N.B.: When setting notice periods, the Issuer is advised to consider the practicalities of the distribution of information through intermediaries, for example clearing systems* (*which require a minimum of 15 clearing system business days*' *notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
21	Change of Control Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Change of Control Redemption Amount:	[ ] per Calculation Amount
22	Clean Up Call Right:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Clean Up Call Redemption Amount:	[ ] per Calculation Amount
	(b) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B.: When setting notice periods, the Issuer is advised to consider the practicalities of the distribution of information through intermediaries, for example clearing systems* (*which require a minimum of five clearing system business days*' *notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
23	Final Redemption Amount:	[ ] per Calculation Amount

24	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	
	(a) [Form:]	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note, which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005] (*N.B.: The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 above includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof, up to, and including, [€199,000]."*.)] [Registered Notes: [Regulation S Global Note(s) [(US$[ ] aggregate nominal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note(s) [(US$[ ] aggregate nominal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
26	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(c) above relates*)
27	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of Energy Development Oman SAOC:

By:

Duly authorised

Signed on behalf of EDO Gas SPC:

By:

Duly authorised

PART B – OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING**

(i) Listing and Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [London Stock Exchange plc's International Securities Market]/[ ] with effect from on or about [ ].] [Not Applicable] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading*)
(ii) Estimate of total expenses related to admission to trading:	[ ]

2 **RATINGS**

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [The Notes to be issued are not rated.] [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [[*insert details*] is established in the European Union and is registered under Regulation (EC) № 1060/2009 (as amended) (the "**CRA Regulation**")] [[*insert details*] is established in the United Kingdom and is registered under Regulation (EC) № 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*)

3 **BENCHMARKS (FLOATING RATE NOTES ONLY)**

Benchmark administrators:	[ ]/Not Applicable]

4 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for the fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Offering Circular under Article 23 of the Prospectus Regulation.*)]

5 **YIELD (FIXED RATE NOTES ONLY)**

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	CUSIP:	[ ]/[Not applicable]
(iv)	CINS:	[ ]/[Not applicable]
(v)	CFI:	[ ]/[Not applicable]
(vi)	FISN:	[ ]/[Not applicable]
(vii)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(viii)	Delivery:	Delivery [against/free of] payment
(ix)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

7 **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	[Regulation S Category 2; [Rule 144A]; TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
(vii)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]

[Third Party Information

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes, which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. Reference should be made to "Form of Pricing Supplement" for a description of the content of the Pricing Supplement, which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Energy Development Oman SAOC (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(d) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes, and the Coupons (as defined below), have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 5 April 2024 and made among the Issuer, EDO Gas SPC (the "**Guarantor**") as guarantor, The Bank of New York Mellon, London Branch, as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Dublin Branch, as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent), The Bank of New York Mellon, London Branch, as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent), and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Pricing Supplement), the Registrar, the Paying Agents, the Transfer Agent and the Exchange Agent are together referred to as the "**Agents**".

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to, or endorsed on, this Note, which supplement these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. Any reference in the Conditions to the "**applicable Pricing Supplement**" is, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest-bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The payment of all amounts in respect of the Notes have been guaranteed by the Guarantor pursuant to a deed of guarantee (such deed of guarantee as modified and/or supplemented and/or restated from time to time, the "**Guarantee**") dated 5 April 2024 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading), and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes, which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects, save for the issue date, the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of a deed of covenant (such deed of covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 5 April 2024 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (each, as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (the "**Deed Poll**") dated 5 April 2024 and made by the Issuer and the Guarantor, and the Deed of Covenant are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents with the provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). If the Notes are to be admitted to trading on the London Stock Exchange plc's International Securities Market, the applicable Pricing Supplement will be published on the website of the London Stock Exchange plc through a regulatory information service or published in any other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll, the Deed of Covenant, the Guarantee and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, the Deed of Covenant and the Guarantee.

Words and expressions not defined in these Conditions but defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions, unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, "**Oman**" means the Sultanate of Oman.

In the Conditions, "**Euros**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1 Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement. Notes of

one Specified Denomination may not be exchanged for Notes of another Specified Denomination, Bearer Notes may not be exchanged for Registered Notes, and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and to the Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note, as the case may be, shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and those Notes, except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2 Transfers of Registered Notes

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in

the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee of DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2(e) and 2(f), upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Transfer Agent and (b) the Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address, as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer, as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the

transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State or other relevant jurisdiction of the United States,

and, in each case, in accordance with any applicable securities laws of any State or other relevant jurisdiction of the United States.

In the case of Condition 2(e)(i), such transferee may take delivery through a Legended Note in global or definitive form and, in the case of Condition 2(e)(ii), such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State or other relevant jurisdiction of the United States,

and, in each case, in accordance with any applicable securities laws of any State or other relevant jurisdiction of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon a specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Definitions

In this Condition 2(g), the following expressions shall have the following meanings:

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes;

"**Legended Note**" means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a "**Legend**");

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Registered Global Note initially representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note initially representing Notes sold to QIBs; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

3 Status of the Notes and the Guarantee

(a) Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) Status of the Guarantee

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

4 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer and the Guarantor will not, and will ensure that none of their Material Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each, a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its or their respective present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Notes equally and rateably therewith or according to the Notes such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

"**Material Subsidiary**" means, at any time, any Subsidiary:

(i) whose total assets exceed 10% of the consolidated total assets of the Issuer or the Guarantor, as applicable; or

(ii) whose total revenue exceeds 10% of the consolidated total revenue of the Issuer or the Guarantor, as applicable.

For these purposes:

(1) all calculations shall be determined in accordance with the generally accepted accounting principles used in the preparation of:

(A) the then latest annual audited consolidated financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing consolidated financial statements) or the then latest annual audited financial statements of the relevant Subsidiary (in the case of a Subsidiary preparing non-consolidated financial statements); and

(B) the then latest annual audited consolidated financial statements of the Issuer, as applicable;

(2) upon a Material Subsidiary transferring all or substantially all of its assets or business to another Subsidiary, the transferor shall cease to be a Material Subsidiary on the effective date of such transfer and thereupon the transferee shall be deemed to be a Material Subsidiary until the date of its next annual audited consolidated financial statements or, as the case may be, annual audited financial statements are prepared after which whether it is or is not a Material Subsidiary shall be determined in accordance with paragraphs (i) and (ii) above; and

(3) subject to paragraph (1) above, if as a result of any transfer, reconstruction, amalgamation, reorganisation, merger or consolidation of a company which, immediately before such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation, satisfied either of the tests set forth in paragraphs (i) and (ii) above, but immediately after such transfer, reconstruction, amalgamation, reorganisation, merger or consolidation does not satisfy either such test, such company shall immediately cease to be a Material Subsidiary;

"**Non-recourse Project Financing**" means any financing of all or part of the costs of the acquisition, construction, development, improvement, repair or expansion of any project asset (including costs such as escalation, interest during construction and financing and refinancing costs), provided that:

(i) any Security Interest given by the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor, as the case may be, in connection therewith is limited solely to (1) such project asset; (2) if applicable, any shares in the relevant Finance SPV (as defined below); and (3) if applicable, an assignment of any loans made by the Issuer, the Guarantor or such Subsidiary to the relevant Finance SPV;

(ii) the person providing such financing expressly agrees to limit its recourse to the project asset financed and the revenues derived from such project asset (including any Security Interest as described in paragraph (i) of this definition) and, if applicable, the Finance SPV, as the principal source of repayment for the moneys advanced; and

(iii) there is no other recourse to the Issuer, the Guarantor or the relevant Subsidiary (unless the relevant Subsidiary is itself a Finance SPV), as the case may be, in respect of any default by any person under the financing (other than in relation to any claim for damages for breach of an obligation, representation or warranty (provided such obligation, representation or warranty does not relate to an obligation to pay or procure a payment of any amount));

For the purposes of this definition, "**Finance SPV**" means a special purpose entity established specifically for the purpose of the acquisition, construction, development, improvement, repair or expansion of any project asset;

"**Permitted Security Interest**" means:

(i) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Notes;

(ii) any Security Interest securing Relevant Indebtedness of a person existing at the time that such person is merged into, consolidated with, or acquired by, the Issuer, the Guarantor or a Subsidiary of the Issuer or Guarantor, as applicable, provided that such Security Interest was not created in

contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer, the Guarantor or such Subsidiary, as applicable;

(iii) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor and not created in contemplation of such acquisition; or

(iv) any renewal of or substitution for any Security Interest permitted by any of paragraphs (i) to (iii) (inclusive) of this definition, provided that with respect to any such Security Interest the nominal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

"**Relevant Indebtedness**" means any indebtedness, other than indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

"**Securitisation**" means any securitisation of existing or future assets and/or revenues, provided that (i) any Security Interest given by the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Issuer, the Guarantor or such Subsidiary, as the case may be, in respect of any default by any person under the securitisation; and

"**Subsidiary**" means any entity other than Petroleum Development Oman LLC:

(i) which is directly or indirectly controlled by the Issuer or the Guarantor, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such entity or otherwise;

(ii) more than 50% of whose issued equity share capital (or equivalent) is then beneficially owned by the Issuer or the Guarantor; or

(iii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer or the Guarantor.

5 Interest

(a) Interest on Fixed Rate Notes

This Condition 5(a) applies to Fixed Rate Notes only. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period

ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes, which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or

(ii) in the case of Fixed Rate Notes, which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes, which are Registered Notes in definitive form, or the Calculation Amount in the case of Fixed Rate Notes, which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note, which is a Bearer Note in definitive form, is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5(a):

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than Euros, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euros, one cent.

(b) Interest on Floating Rate Notes

This Condition 5(b) applies to Floating Rate Notes only.

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with this Condition 5(b), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of Condition 5(b)(ii) shall apply *mutatis mutandis* or, (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date

shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(5) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than T2 (as defined below)) specified in the applicable Pricing Supplement;

(6) if T2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**T2**") is open; and

(7) either (1) in relation to any sum payable in a Specified Currency other than Euros, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (2) in relation to any sum payable in Euros, a day on which T2 is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this Condition 5(b)(ii)(A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(3) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

The definition of "**Fallback Observation Day**" in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following: ""**Fallback Observation Day**" means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.".

For the purposes of this Condition 5(b)(ii)(A), "**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations

(expressed as a percentage rate *per annum*) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

This Condition 5(b)(ii)(B) is subject to Condition 5(b)(iii).

In these Conditions:

"**Reference Rate**" means the benchmark rate in respect of the Specified Currency and period specified in the applicable Pricing Supplement;

"**Relevant Screen Page**" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

"**Relevant Time**" means the specified time specified as such herein.

(iii) *Benchmark Replacement*

Notwithstanding the other provisions of this Condition 5(b), if the Issuer, following consultation with the Principal Paying Agent, determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(A) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(B) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(b)(iii));

(C) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);

(D) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5(b)(iii) and the Independent Adviser (following consultation with the Issuer) determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 5(b)(iii)(E), but without any requirement for the consent or sanction of the Noteholders: (x) the Issuer shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Issuer's expense), be obliged to concur with the Issuer in effecting such Benchmark Amendments. For the avoidance of doubt, no Agent shall be

liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;

(E) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and Adjustment Spread and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 14, the Noteholders confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or Alternative Reference Rate (as applicable); (3) the applicable Adjustment Spread; and (4) the specific terms of the Benchmark Amendments (if any);

(F) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this Condition 5(b)(iii)(F) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5(b)(iii); and

(G) the Independent Adviser appointed pursuant to this Condition 5(b)(iii) shall act and make all determinations pursuant to this Condition 5(b)(iii) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer or the Guarantor shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents or the Noteholders in connection with any determination made by the Independent Adviser or for any advice given by the Independent Adviser to the Issuer or the Guarantor in connection with any determination made by the Issuer or the Guarantor pursuant to this Condition 5(b)(iii).

For the purposes of this Condition 5(b)(iii):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;

(B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate;

(C) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(D) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate;

"**Alternative Reference Rate**" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 5(b)(iii), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (v) it has become unlawful for the Issuer, the Guarantor, the Principal Paying Agent or any other party responsible for the calculation of the Rate of Interest and Interest Amount (as specified in the applicable Pricing Supplement) to calculate any payments due to be made to any Noteholder using the relevant Reference Rate; or (vi) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be, by a specified future date, no longer representative of an underlying market, provided that, in the case of (ii), (iii), (iv) and (vi) above, the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, the prohibition of use of the relevant Reference Rate or the Reference Rate ceasing to be so representative, as the case may be, and not the date of the relevant public statement;

"**Financial Stability Board**" means the organisation established by the Group of Twenty (G20) in April 2009;

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser of international repute with appropriate expertise appointed by the Issuer at the Issuer's expense;

"**Relevant Nominating Body**" means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the

request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser (in consultation with the Issuer) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

(iv) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(v) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent or the Calculation Agent, as applicable, will, at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes, which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (1) the Notes represented by such Global Note or (2) such Registered Notes; or

(B) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, which is a Bearer Note in definitive form, is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

(A) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(C) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(E) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(F) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(G) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[306 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(vi) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vii) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14, promptly after their determination but, in no event, later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6 Payments

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than Euros will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and

(ii) payments will be made in Euros by credit or transfer to a Euro account (or any other account to which Euros may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S.

Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6(a) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside of the United States.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon the date on which any Fixed Rate Note in definitive bearer form becomes due and repayable prior to its Maturity Date and interest thereon ceasing to accrue in accordance with Condition 5(c) all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note, which, on issue, had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon, provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note.

(d) Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such

payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.

For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euros) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in Euros) any bank that processes payments in Euros.

Payments of interest and payments of principal in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the nominal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than US dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in, US dollars, unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor, will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for its share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal, interest or other amounts payable in respect of Bearer Notes is payable in US dollars, such US dollar payments

of principal, interest or other amounts payable in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and

(iii) such payment is then permitted under applicable law in the United States without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer and the Guarantor.

(f) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

(A) in the case of Notes in definitive form only, in the relevant place of presentation; and

(B) in each Additional Financial Centre (other than T2) specified in the applicable Pricing Supplement;

(ii) if T2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which T2 is open;

(iii) either (1) in relation to any sum payable in a Specified Currency other than Euros, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in Euros, a day on which T2 is open; and

(iv) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than US Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has not elected to receive any part of such payment in a Specified Currency other than US Dollars, a day on which commercial banks are not authorised or not required by law or regulation to be closed in New York City.

(g) Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) the Change of Control Redemption Amount (if any) of the Notes;

(vi) the Clean Up Call Redemption Amount (if any) of the Notes; and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto.

7 Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or the Guarantor, if unable for reasons outside its control to procure payment by the Issuer and in making payment itself, would be required to pay such additional amounts, in each case, as a result of any change in, or amendment to, the laws, published practice or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws, published practice or regulations, which change or amendment becomes effective on or after the date of the applicable Pricing Supplement of the first Tranche of the relevant Series or, if later, the date the relevant jurisdiction becomes a Tax Jurisdiction (for the avoidance of doubt, if such obligation to pay additional amounts has arisen or will arise by reason of a withholding or deduction requested or required by or on behalf of a Tax Jurisdiction pursuant to or in connection with the Tax Law, then that request or requirement shall constitute a change in the application or official interpretation of the laws, published practice and regulations of a Tax Jurisdiction); and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor, would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of

the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in Condition 7(g) together with any interest accrued but unpaid to (but excluding) the date of redemption.

For the purposes of this Condition 7(b), "**Tax Law**" means the combination of Royal Decree 28/2009, Royal Decree 09/2017, Royal Decree 118/2020, Ministerial Decision № 30/2012 and Ministerial Decision № 14/2019.

On 11 January 2023, a Royal Directive was issued which appears to have the effect of indefinitely suspending withholding tax that might otherwise apply to payments made by the Issuer or the Guarantor to Noteholders who are not tax resident in Oman. For further information please see "Taxation" and "Risk Factors—Risks related to the Notes Generally—The Notes are subject to the risk that withholding tax may become applicable to payments made by the Issuer or the Guarantor to Noteholders who are not Oman Tax Residents if Oman's suspension of its withholding tax deductions with respect to interest amounts payable on foreign borrowings is reversed, withdrawn or successfully challenged" and "Risk Factors—Risks Related to the Structure of a Particular Issue of Notes—Notes may be redeemed prior to their final maturity date for tax reasons".

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together with any interest accrued but unpaid to (but excluding) the relevant Optional Redemption Date. In the case of a partial redemption of Notes, (x) such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement; and (y) the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

(d) Redemption at the option of the Noteholders (Investor Put)

This Condition 7(d) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "**Investor Put**". The applicable Pricing Supplement contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 7(d) for full information on any Investor Put. In particular, the applicable Pricing Supplement will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period, nor more than the maximum period, of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and

at the Optional Redemption Amount together with any interest accrued but unpaid to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note under this Condition 7(d), the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 7(d) and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or by evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC, as applicable (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC, as applicable, by a holder of any Note pursuant to this Condition 7(d) shall be irrevocable, except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event, such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(d) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

A Noteholder may not exercise such Put Notice in respect of any Note, which is the subject of an exercise by the Issuer of an Issuer Call.

As long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Bearer Global Note, the option under this Condition 7(d) shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or by any Paying Agent.

(e) Redemption on a Change of Control

This Condition 7(e) applies to Notes which are subject to a Change of Control Put. The applicable Pricing Supplement contains provisions applicable to any Change of Control Put and must be read in conjunction with this Condition 7(e) for full information on any Change of Control Put. In particular, the applicable Pricing Supplement will identify the Change of Control Redemption Amount.

If the Change of Control Put is specified as being applicable in the applicable Pricing Supplement and a Change of Control occurs, upon the holder of any Note giving a Change of Control Put Notice in accordance with this Condition 7(e) during the Change of Control Put Period, the Issuer will redeem such Note on the Change of Control Put Date and at the Change of Control Redemption Amount together with any interest accrued but unpaid to (but excluding) the Change of Control Put Date.

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control.

To exercise the option contained in this Condition 7(e), the holder of this Note must, during the Change of Control Put Period: (i) if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar a duly completed and signed Change of Control Put Notice and in which the holder must specify a bank account to which payment is to be made under this Condition 7(e); and (ii) in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Change of Control Put Notice must be accompanied by this Note or by evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Change of Control Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, or Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC, as applicable (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Change of Control Put Notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC, as applicable, by a holder of any Note pursuant to this Condition 7(e) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(e) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

A Noteholder may not exercise such Change of Control Put in respect of any Note which is the subject of an exercise by the Issuer of its Issuer call option.

As long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Bearer Global Note, the option under this Condition 7(e) shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or any Paying Agent.

In these Conditions:

"**Change of Control**" shall occur at the moment the government of Oman, including, without limitation, any agency of the government of Oman or any entity controlled by it, ceases, or enters into a definitive agreement pursuant to which it will cease, to own, legally and beneficially, directly or indirectly, in aggregate, more than 50% of the issued share capital of the Issuer or the Guarantor, as the case may be;

"**Change of Control Put Date**" shall be the tenth Business Day after the expiry of the Change of Control Put Period;

"**Change of Control Put Notice**" means (i) a notice in the form available from the Specified Office of the Paying Agents, or, in the case of Registered Notes, the Registrar, which must be delivered to a Paying Agent or the Registrar (as applicable) by any Noteholder wanting to exercise a right to redeem a Note on a Change of Control Put Date, and as set out at Schedule 5 (*Form of Change of Control Notice*) of the Agency Agreement or (ii) such other notice by which Noteholders exercise the Change of Control Put as is given in accordance with the procedures of Euroclear, Clearstream, Luxembourg and/or DTC (as applicable);

"**Change of Control Put Period**" shall be the period of 30 days after a Change of Control Notice is given; and

"**Change of Control Redemption Amount**" means, in respect of any Note, its nominal amount or such other amount as may be specified in the applicable Pricing Supplement.

(f) Redemption at the option of the Issuer (Clean Up Call Right)

If a Clean Up Call Right is specified as being applicable in the applicable Pricing Supplement and 75% or more of the aggregate nominal amount of the Notes then outstanding have been redeemed and/or purchased and cancelled, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Clean Up Call Right Date**")), redeem or, at the Issuer's option, purchase, or procure the purchase of, all but not some only of the Notes then outstanding at the Clean Up Call Redemption Amount, together with any interest accrued but unpaid to (but excluding) the Clean Up Call Right Date.

In these Conditions, "**Clean Up Call Redemption Amount**" means, in respect of any Note, its nominal amount or such other amount as may be specified in the applicable Pricing Supplement.

(g) Early Redemption Amounts

For the purpose of Condition 7(b) and Condition 10:

(i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(ii) each Zero Coupon Note will be redeemed at its Early Redemption Amount, calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^{y}$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will

be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(h) Purchases

The Issuer, the Guarantor, or any Subsidiary or affiliate of the Issuer or the Guarantor, as the case may be, may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased may be surrendered to a Paying Agent or the Registrar for cancellation.

For the purpose of this Condition 7(h), "affiliate" has the meaning set out in Rule 405 under the Securities Act.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7(h) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7(a), 7(b), 7(c), 7(d) or 7(e) or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7(g)(ii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8 Taxation

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer, and all payments under the Guarantee by or on behalf of the Guarantor, will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or (as the case may be) the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in a Tax Jurisdiction;

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or

(d) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption.

Notwithstanding any other provision of these Conditions, in no event will the Issuer or (as the case may be) the Guarantor be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

(i) "**Tax Jurisdiction**" means Oman or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject; and

(ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9 Prescription

Claims for payment in respect of the Notes (whether in bearer or registered form) and Coupons will become void unless made within a period of ten years (in the case of principal) and five years (in the case of interest and any other amounts payable under the Notes) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6(b) or any Talon, which would be void pursuant to Condition 6(b).

10 Events of Default

If any one or more of the following events (each, an "**Event of Default**") occurs and is continuing with respect to a Series of Notes:

(a) *Non-payment*

default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days, in the case of principal and 14 days in the case of interest; or

(b) *Breach of other obligations*

the Issuer or the Guarantor defaults in the performance or observance of, or compliance with, any of its other obligations or undertakings in respect of the Notes or the Guarantee of such Series, and either such default is not capable of remedy or such default (if capable of remedy) continues unremedied for 45 days after written notice to remedy such default, addressed to the Issuer and the Guarantor by any Noteholder or Couponholder of such Series, has been delivered to the Issuer and the Guarantor; or

(c) *Cross-acceleration*

(i) any other indebtedness of the Issuer or the Guarantor for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of default (however so described);

(ii) any such indebtedness of the Issuer or the Guarantor is not paid when due; or

(iii) any amount payable under any guarantee given by the Issuer or the Guarantor of any indebtedness for or in respect of moneys borrowed or raised is not paid when due,

and, in the case of either (ii) above or (iii) above, such failure continues beyond any originally applicable grace period, *provided* that the amount of indebtedness referred to in sub-paragraph (i) above and/or (ii) above and/or the amount payable under any guarantee referred to in (iii) above, as applicable, either alone or when aggregated with all other indebtedness in respect of which any event specified in this Condition 10(c) shall have occurred and be continuing, shall be more than US$50 million (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied Judgment*

one or more judgments or orders for the payment of any sum in excess of US$50 million (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or the Guarantor and continues unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 30 days after the date thereof; or

(e) *Security Enforced*

any Security Interest, present or future, created or assumed by the Issuer or the Guarantor and securing an amount, which equals or exceeds US$50 million (or its equivalent in any other currency or currencies), becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person, but excluding the issue of any notification to the Issuer that such Security Interest has become enforceable) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within 30 days of the first date on which a step is taken to enforce the relevant Security Interest; or

(f) *Insolvency and Insolvency Proceedings*

the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent or proceedings are initiated against the Issuer or the Guarantor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made to, or documents filed with a court of competent jurisdiction for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official (and such proceedings are not being actively contested in good faith); or

(g) *Consent to Proceedings*

the Issuer or the Guarantor initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or enters into any composition or other similar arrangement with its creditors generally save, in all cases, except for (i) the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution or (ii) the purpose of any intra-group reorganisation on a solvent basis; or

(h) *Winding-up*

an administrator or other receiver, manager, liquidator or other similar official is appointed in relation to the Issuer or the Guarantor in relation to all or substantially all of its business or operations, an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or the Guarantor (and such proceedings are not being actively contested in good faith by the Issuer or the Guarantor), or the Issuer or the Guarantor shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors (or other governing body) threaten to cease to carry on all or substantially all of its business or operations, which in each case (other than the appointment of an administrator) is not discharged within 30 days, and except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution; or

(i) *Unlawfulness and invalidity*

(i) it becomes unlawful for the Issuer or the Guarantor to perform or comply with any of its respective obligations under, or in respect of the Notes, the Agency Agreement, the Deed Poll, the Deed of Covenant or the Guarantee; or (ii) the validity of such Series of Notes or the Guarantee is contested by the Issuer or the Guarantor, or the Issuer or the Guarantor shall deny any of its obligations under such Series of Notes or the Guarantee; or

(j) *Analogous Events*

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(d) to 10(i) (inclusive),

then any Noteholder of at least 25% in aggregate nominal amount of the outstanding Notes may, by written notice to the Issuer and the Guarantor at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be immediately due and payable whereupon the same shall become immediately due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind (any such declaration, a "**Default Declaration**"). Notice of any Default Declaration shall promptly be given to all Noteholders by the Issuer in accordance with Condition 14.

If the Issuer and the Guarantor receive notice in writing from holders of at least 50% in aggregate nominal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such Noteholders wish such Default Declaration to be withdrawn, the Issuer and the Guarantor shall give notice thereof to the Noteholders (with a copy to the Principal Paying Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

11 Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12 Agents

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than US Dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

(d) there will at all times be a Paying Agent in a jurisdiction within the European Union.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains), a further Talon, subject to the provisions of Condition 9.

14 Notices

All notices regarding the Bearer Notes will be deemed to be validly given by the Issuer if published in the English language on its website at https://edoman.om/. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules.

Any such notice will be deemed to have been given on the date of the first publication or the day following such publication if published after 5:00 p.m., London time.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and on the Issuer's website as set out above.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication on such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and on the Issuer's website as set out above. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC or the day following such delivery if delivered after 5:00 p.m., London time.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15 Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons, the Guarantee or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor and shall be convened by the Issuer if required in writing by Noteholders holding not less than 5% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons or the Guarantee (including, without limitation, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant or the Guarantee (the "**Reserved Matters**") or changing the definition of Reserved Matters), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding.

An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Principal Paying Agent and the Issuer or, as the case may be, the Guarantor, may agree, without the consent of the Noteholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant, the Deed Poll, the Guarantee, or the Agency Agreement, which is, in the sole opinion of the Issuer, or as the case may be, the Guarantor, not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant, the Deed Poll, the Guarantee or the Agency Agreement, which is, in the sole opinion of the Issuer or, as the case may be, the Guarantor, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14, as soon as practicable thereafter.

In addition, the Issuer may effect Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(b)(iii), without the consent or sanction of the Noteholders, and the Principal Paying Agent shall be obliged to concur with the Issuer in so doing.

For the purposes of this Condition 15, "**Extraordinary Resolution**" means:

(a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of the Agency Agreement by a majority consisting of not less than 75% of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75% of the votes given on the poll;

(b) a resolution in writing signed by or on behalf of the holders of not less than 75% in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders; or

(c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than 75% in nominal amount of the Notes for the time being outstanding.

A "**relevant clearing system**" means, in respect of any Notes, any clearing system on behalf of which such Note is held or which is the bearer or (directly or through a nominee) registered owner of a Note, in each case whether alone or jointly with any other clearing system(s).

16 Further Issues

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Governing Law and dispute resolution

(a) *Governing law*

The Agency Agreement, the Deed of Covenant, the Deed Poll, the Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Deed of Covenant, the Deed Poll, the Guarantee, the Notes and the Coupons, are and shall be governed by, and construed in accordance with, English law.

(b) *Agreement to arbitrate*

Any dispute, claim, difference or controversy arising out of or having any connection with the Notes (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of, or in connection with, them) (a "**Dispute**") shall be referred to, and finally resolved by, arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition.

For these purposes:

(i) the seat of arbitration shall be London;

(ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator, and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. The arbitrators nominated by the parties to the Dispute shall each be English-law qualified and have at least 15 years' practising experience. The chairman shall be a retired member of the judiciary of the Senior Courts of England and Wales or a King's Counsel of at least 15 years' standing. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(iii) the language of the arbitration shall be English.

(c) *Appointment of Process Agent*

Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited at 100 Bishopsgate, London EC2N 4AG, United Kingdom as its agent for service of process in England in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will promptly appoint another person as its agent for service of process in England in respect of any Dispute. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) *Waiver of immunity*

Each of the Issuer and the Guarantor, to the full extent permitted by law, irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from suit, jurisdiction, recognition or enforcement and any similar argument in any jurisdiction and (ii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

(e) *Other documents and the Guarantor*

The Issuer has in the Agency Agreement, the Deed of Covenant and the Deed Poll submitted to arbitration and appointed an agent for service of process in terms substantially similar to those set out above. The Guarantor has in the Guarantee, the Agency Agreement and the Deed Poll submitted to arbitration and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer for its general corporate purposes or as otherwise set out in the applicable Pricing Supplement.

SELECTED FINANCIAL INFORMATION

The tables below set out the Group's summary historical financial information as at and for the years ended 31 December 2023 and 2022 extracted from the Audited 2023 Financial Statements and the as at and for the year ended 31 December 2021 extracted from the 2022 Audited Financial Statements, which are included in this Base Offering Circular. See "Presentation of Financial, Reserves and Other Information—Presentation of Financial Information" for more details on the historical financial information included in this Base Offering Circular, including the basis of preparation.

The selected financial information derived from the Audited 2023 Financial Statements and the Audited 2022 Financial Statements set forth below should be read in conjunction with "Presentation of Financial, Reserves and Other Information—Presentation of Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Audited Financial Statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income Data

	Year ended 31 December		
	2023	**2022**	**2021**
		(US$'000)	
Revenue	16,422,914	17,281,524	11,532,298
Other operating income	176,172	193,456	45,192
Finance income	7,559	2,385	7,812
Total revenues and other income	**16,606,645**	**17,477,365**	**11,585,302**
Production expenses	(1,115,911)	(1,412,711)	(895,198)
Royalty expenses	(6,525,451)	(7,397,206)	(3,080,869)
Depreciation, depletion and amortisation	(3,840,790)	(3,567,022)	(3,217,626)
Selling and distribution expenses	—	—	(74,106)
Other expenses	(30,348)	(19,932)	(45,835)
Profit before interest and tax	**5,094,145**	**5,080,494**	**4,271,668**
Finance costs	(606,604)	(396,605)	(211,896)
Profit before tax	**4,487,541**	**4,683,889**	**4,059,772**
Income tax expenses	(3,790,479)	(3,914,669)	(1,418,893)
Profit for the year	**697,062**	**769,220**	**2,640,879**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	—	—
Re-measurement of pension fund obligation	12,990	(91,457)	(155,404)
Total comprehensive income for the year	**710,052**	**677,763**	**2,485,475**

Consolidated Selected Statement of Financial Position Data

	As at 31 December	
	2023	**2022**
	(US$'000)	
Non-current assets		
Property, plant and equipment	23,495,057	22,898,658
Right-of-use assets	777,853	823,721
Net retirement benefit assets	358,258	241,575
Receivables and prepayments	16,549	18,593
Housing loans	8,359	9,357
Other non-current assets	3,745	4,623
Total of non-current assets	**24,659,821**	**23,996,527**
Current assets		
Inventories	528,721	413,470
Receivables and prepayments	85,763	105,355
Due from related parties	1,689,100	2,302,550
Housing loans	1,866	2,804
Cash and bank balances	706,318	249,403
Other current assets[1]	—	4,834
Total of current assets	**3,011,768**	**3,078,416**
Assets held for sale	—	52,315
Total assets	**27,671,589**	**27,127,258**
Equity		
Share capital	1,300	1,300
Retained earnings	11,047,791	14,086,975
Total equity	**11,049,091**	**14,088,275**
Non-current liabilities		
Provision for staff end-of-service and other retirement benefits	8,447	11,962
Lease liabilities	637,416	681,110
Abandonment provision	3,176,514	2,506,968
Deferred tax liabilities	2,514,762	1,535,363
Loans and borrowings	6,000,069	4,447,903
Total of non-current liabilities	**12,337,208**	**9,183,306**
Current liabilities		
Loans and borrowings	1,624,105	1,445,292
Payables and accruals	2,122,526	1,983,133
Tax payables	140,516	49,973
Due to related parties	172,976	98,324

	As at 31 December	
	2023	2022
	(US$'000)	
Lease liabilities	225,167	226,640
Total of current liabilities	**4,285,290**	**3,803,362**
Liabilities associated with assets held for sale	—	**52,315**
Total liabilities	**16,622,498**	**13,038,983**
Total equity and liabilities	**27,671,589**	**27,127,258**

Note:

(1) In the Audited 2022 Financial Statements, "National objective investment" was an item in the consolidated statement of financial position. In the Audited 2023 Financial Statements, "National objective investment" was re-classified to the item "Other current assets" in the consolidated statement of financial position.

Consolidated Selected Statement of Cash Flows Data

	Year ended 31 December		
	2023	2022	2021
		(US$'000)	
Net cash from operating activities	6,518,654	5,152,272	4,852,747
Net cash used in investing activities	(3,574,129)	(3,235,272)	(2,912,998)
Net cash used in financing activities	(2,487,610)	(2,008,377)	(1,600,237)
(Decrease)/increase in cash and bank balances	456,915	(91,377)	339,512
Cash and bank balances at beginning of year	249,403	340,780	1,268
Cash and bank balances at end of year	706,318	249,403	340,780

CAPITALISATION AND INDEBTEDNESS

The table below shows the Group's capitalisation (which the Group calculates as total indebtedness plus total equity) and indebtedness as at 31 December 2023. This table should be read together with the Audited 2023 Financial Statements included in this Base Offering Circular.

	As at 31 December 2023
	(US$'000)
Cash and bank balances[(1)]	706,318
Equity:	
Share capital	1,300
Retained earnings	11,047,791
Total equity	**11,049,091**
Indebtedness	
Current loans and borrowings	1,624,105
Non-current loans and borrowings	6,000,069
Lease liabilities (current and non-current)	862,583
Total indebtedness[(2)]	**8,486,757**
Total capitalisation[(3)]	**19,535,848**

Notes:

(1) Comprises cash and bank balances (current and call accounts) with banks that are readily convertible into cash.

(2) Since 31 December 2023, the Group has incurred additional related party debt of US$423 million under the under the Shareholder Bridge Facility (as defined below), net of repayment, and paid a US$85.5 million quarterly instalment under the US$2.5 Billion Facility (as defined below).

(3) Total indebtedness plus total equity.

The Group's total equity and total indebtedness as at 31 December 2023 was US$11,049 million and US$8,487 million, respectively.

Except as set out in note 2 to the table above, since 31 December 2023, the Group has not incurred further indebtedness or repaid outstanding indebtedness.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial, Reserves and Other Information", "Selected Financial Information", the Audited 2023 Financial Statements and the Audited 2022 Financial Statements.

The discussion of the Group's financial condition, cash flows and results of operations is based upon the Audited 2023 Financial Statements and the Audited 2022 Financial Statements. See "Presentation of Financial, Reserves and Other Information—Presentation of Financial Information—Comparability of Financial Information" and "—Factors Affecting the Comparability of Results" for a discussion of certain factors that affect the comparative financial data included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section.

This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Offering Circular, particularly under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

Overview

The Group is Oman's national energy company. The Group owns participating interests in two concessions, which totalled 844,236 barrels of Oil equivalent per day for the year ended 31 December 2023, 875,684 barrels of Oil equivalent per day for the year ended 31 December 2022 and 875,369 barrels of Oil equivalent per day for the year ended 31 December 2021. The Group is wholly owned by the Government and was established to focus on incremental value creation in Oman's energy sector by realising efficiencies and pursuing new growth opportunities.

The Group directly owns a 60 per cent. interest in Oman's Block 6 concession for Oil, AG and AG condensate, and, through EDO Gas, owns a 100 per cent. interest in the Block 6 concession for NAG and NAG condensate. The remaining 40 per cent. interest in the Oil Concession is owned by POHOL, which, in turn, is 85 per cent. owned by Shell, 10 per cent. owned by TotalEnergies and 5 per cent. owned by PTTEP. The Block 6 development is Oman's most significant Oil and gas operation.

The Group also owns a 60 per cent. interest in PDO, Oman's largest Oil and gas producer, which carries out projects and operations related to the exploration and production of Oil and gas in Block 6. PDO operates the Oil Concession on behalf of the Group and POHOL and the Gas Concession on behalf of EDO Gas.

The Group's core activities are organised around product types and consist of:

- Oil, AG and AG condensate activities, including those related to exploration, production, sales and marketing, which it owns directly and are managed by PDO; and
- NAG and NAG condensate activities, including those related to exploration, production, sales and marketing, which it owns through EDO Gas and are managed by PDO.

As at 31 December 2023, the Group's total assets amounted to US$27,672 million. As at 31 December 2022 and 2021, the Group's total assets amounted to US$27,127 million and US$28,161 million, respectively. For the years ended 31 December 2023, 2022 and 2021, the Group generated revenue of US$16,423 million, US$17,282 million and US$11,532 million, respectively, profit before tax of US$4,488 million, US$4,684 million and US$4,060 million, respectively, and EBITDA of US$8,927 million, US$8,645 million and US$7,481 million, respectively.

As at 31 December 2023, the Guarantor's total assets amounted to US$10,742 million. The Guarantor's total assets reflect the NAG and NAG condensate segment of the Group.

Factors Affecting the Group's Results of Operations and Financial Condition

The following is a discussion of the most significant factors that have affected the Group's results of operations and financial condition for the years ended 31 December 2023, 2022 and 2021 and are expected to affect the Group's results of operations and financial condition in future periods.

Supply, Demand and Price of Hydrocarbons

The Group's results of operations are driven primarily by sales of Oil, NAG and NAG condensate. Revenue from the sale of these products is principally affected by changes in their prices, which, in turn, primarily depend upon prevailing market reference prices at the time of sale. Prevailing market reference prices are largely driven by changes in international supply and demand for Oil and NAG products.

Oil

Sales of Oil are the largest component of the Group's revenue, accounting for 71 per cent., 68 per cent. and 58 per cent. of its revenue for the years ended 31 December 2023, 2022 and 2021, respectively. Accordingly, the Group's results of operations and cash flows are significantly impacted by the price at which it sells Oil.

International Oil prices and the price at which the Group sells Oil have fluctuated significantly in the past and are expected to remain volatile. Between January 2016 and March 2021, Brent Oil prices generally fluctuated between US$40.0 and US$65.0 per barrel. Several factors, such as the Russia-Ukraine War and voluntary production cuts by Saudia Arabia, caused the price of Brent Oil in 2022 to increase to US$139.13 per barrel, the highest level since 2008. Since the Russia-Ukraine War began in February 2022, Brent Oil prices have decreased to below US$100 per barrel and Brent prices have decreased to levels comparable to those prior to the Russia-Ukraine War. As of the end of December 2022, Brent Oil prices were US$80.92 per barrel.

In the first half of 2023, Brent Oil prices decreased to a low of US$72.19 in connection with developments in the banking sector, such as the collapse of Silicon Valley Bank, the take-over of Credit Suisse and fears regarding a global recession, concerns about China's economic growth, the potential for a US recession and higher than expected Russian Oil exports that put downward pressure on Brent Oil prices. During the second half of 2023, the average price of Brent Oil increased to US$85.34 per barrel and the price as of 31 December 2023 was US$77.54 per barrel. The increase in price was primarily due to resilience in the US economy and production cuts by OPEC. During the first quarter of 2024, Brent Oil prices increased to US$86.59 per barrel due to rising geopolitical tensions linked to Russia and Oil output cuts by OPEC. There may be additional volatility in prices in response to the Israel-Hamas War or other conflicts, financial sanctions introduced in response thereto, and/or other macroeconomic pressures.

Prior to the completion of the Formation, the Ministry of Energy and Minerals sold Oil from the Block 6 Operations to end-customers at a price per barrel pegged to the announced OEB price, subject to the terms of the contractual arrangements between the Ministry of Energy and Minerals and each customer. Following the completion of the Formation, the Group sells its share of Block 6 Oil and condensate (AG and NAG) production to the Ministry of Energy and Minerals, which then sells the Oil and condensate (AG and NAG) under the same contractual arrangements with the Ministry of Energy and Minerals' existing customers. Both before and after the Formation, Block 6 Oil and condensate (AG and NAG) production was and is commingled with production from other blocks in PDO's Main Oil Line before being sold at the same price as the Oil from the other blocks. Based on a declining price environment or OPEC+ production decisions, among other things, the Government may also curtail the production of Oil. As the Group is a swing producer for the Government, the Government nomination process requires the Group to lower production when overall industry production is high enough to meet demand or in response to international Oil prices.

In the past, the price of OEB fluctuated in line with fluctuations in Brent prices. In 2021, the average price for OEB was US$64.29 per barrel. This increase in price was driven by loosening pandemic-related restrictions and a growing global economy resulting in petroleum demands rising faster than supplies. The

price for OEB increased slightly throughout 2022 due to the increase in global Oil prices driven primarily by the Russia-Ukraine War and the international response thereto, peaking in July 2022 at an average price of US$107.22. Oil prices in the second half of 2022 decreased as a result of global economic developments, the European Central Bank's monetary tightening, concerns about a possible energy crunch, COVID-19 containment measures in China and ongoing geopolitical tensions.

During the first half of 2023, the average price for OEB decreased in the first quarter of 2023, before increasing in the second quarter. Unipec, the trading arm of Sinopec, has sold significant amounts OEB from the start of June 2023 in response to production cuts by other countries, supporting the price of OEB. In June 2023, the official selling price for OEB was US$83.28 per barrel. During the second half of the year, the official selling price for OEB reached a high of US$92.77 in November 2023 primarily due to a tight supply and output cuts by Saudi Arabia. As of 31 December 2023, the official selling price for OEB was US$89.79 per barrel. During the first quarter of 2024, the official selling price OEB decreased to a low of US$77.21 primarily due to market concerns shifting from supply risks to the global economy and Oil demand.

The prices of Brent Oil and OEB are also impacted by the actions of Organisation of the Petroleum Exporting Countries Plus, which is comprised of the members of OPEC and 23 other members ("**OPEC+**"). In December 2020, following the significantly negative impact on Oil demand resulting from the COVID-19 pandemic, OPEC+ agreed to relax output curbs by 500,000 barrels per day from 1 January 2021 to 7.2 billion barrels per day and to meet monthly to reassess the market. In August 2021, OPEC+ increased overall production by 400,000 barrels per day on a monthly basis. In August 2022, OPEC+ increased production of Oil by 100,000 barrels per day However, in November 2022, OPEC+ reduced production by two million barrels per day from the August production levels. During the first half of 2023, OPEC+ unexpectedly announced a further reduction in production of 1.15 million barrels per day as a means to support and increase Oil prices. The announcement resulted in an immediate increase in Brent Oil prices from US$79 per barrel to more than $86 per barrel, which subsequently decreased. In June 2023, the Saudi government announced a voluntary cut of an additional one million barrels per day as part of its commitment to maintaining Oil prices at current levels, which cuts were subsequently extended through 31 December 2023. Following the extension of Saudi Arabia's production cuts in September 2023, Brent Oil prices increased to over US$90 a barrel before decreasing in the fourth quarter. Following Angola's announcement in December 2023 that it was leaving OPEC, Brent Oil prices decreased to US$77.86. In March 2024, several OPEC+ countries, including Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Kazakhstan and Algeria, extended additional voluntary cuts of 2.2 million barrels per day through the end of 2024 as a means to support the stability of Oil markets. In parallel, Russia announced a voluntary cut of 471,000 barrels per day for the same period. Following the announcement, Brent Oil prices increased to US$86.58 per barrel. Further changes in OPEC or OPEC+ membership and additional cuts to production at either the OPEC+ level or by individual countries may also impact the price of Oil.

Ongoing price fluctuations and overall volatility in global demand and prices of Oil, driven in part by OPEC+ production decisions, the Russia-Ukraine War, has had, and will continue to have, a significant effect on the Group's business, results of operations and financial condition.

NAG

Sales of NAG accounted for 12 per cent., 12 per cent. and 20 per cent. of the Group's revenue for the years ended 31 December 2023, 2022 and 2021, respectively. However, prior to the effective date of the fiscal terms, the way in which the Ministry of Energy and Minerals sold Block 6 Operations' NAG differs from the way in which it has been sold since the effective date of the fiscal terms, which impacts the Group's revenue from the sale of NAG.

Between 1 January 2021 and 5 May 2021, and as reflected in the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, NAG condensate revenue was determined and allocated based on the Ministry of Energy and Mineral's average OEB selling price per barrel

of NAG condensate for domestic sales for the respective month applied to Block 6 Operations' monthly share of sales volume. All NAG condensate during this period was deemed to be exported so the Ministry of Energy and Mineral's average export selling prices were applied to determine NAG condensate revenue.

Following the completion of the Formation, and as reflected in the Audited 2023 Financial Statements and the Audited 2022 Financial Statements, the Group has sold NAG to the Government at an agreed fixed price (the "**Gas Transfer Price**"). The Government then sells the NAG to end-customers. The Gas Transfer Price is calculated using a "blended transfer price" methodology that accounts for the economics of Block 6 gas projects. The Gas Transfer Price is reviewed and agreed upon every five years from the date of the NAG Sales Agreement to account for updates in Block 6 gas projects, macroeconomic trends, and downstream gas sales agreements with end-users. See "*Business—Sales and Marketing—NAG*". The following table sets out the Gas Transfer Price for each of the years from 2021 to 2025.

	Gas Transfer Price
	(US$ /MMBtu)
2021	2.51
2022	2.59
2023	2.69
2024	2.77
2025	2.89

Production of Hydrocarbons

The Group's revenue is directly affected by levels of production of Oil, NAG and NAG condensate, all of which have been consistent during the periods under review. AG condensate is commingled with Oil both operationally and legally and AG condensate production is included within Oil production. PDO does not separately monitor or record AG condensate production.

Oil

The Group sells all of its share of Oil from Block 6 production to the Ministry of Energy and Minerals. The Group's share of Block 6 Oil production was approximately 144 million barrels for the year ended 31 December 2023 compared to approximately 145 million barrels for the year ended 31 December 2022 and approximately 139 million barrels for the year ended 31 December 2021. The decrease in Oil production for the year ended 31 December 2023 compared to the year ended 31 December 2022 was primarily driven by reductions in output at Lekhwair due to water injection constraints and well integrity issues, at Bahja due to water floor performance and at Rima due to reduced well performance. The increase in Oil production for the year ended 31 December 2022 compared to the year ended 31 December 2021 was primarily driven by optimisation of production at Qarn Alam and the stabilisation of steam injection at the Qarn Alam Steam Project.

NAG and NAG condensate

All NAG that PDO produces is sold within Oman to end-customers in various industries. Prior to the completion of the Formation, PDO's NAG production was matched to the demand requirements of the Government's end-customers. Since the Formation, the Ministry of Energy and Minerals has notified the Group of its reasonably estimated annual and monthly NAG requirements at least six months prior to the start of each contract year and the Group notified the Ministry of Energy and Minerals of the quantities of

NAG that it reasonably expected to be able to supply at least three months prior to the start of the contract year.

The Group owned 100 per cent. of the NAG and NAG condensate produced by PDO during the years ended 31 December 2023, 2022 and 2021. For the year ended 31 December 2023, PDO produced 21,266 million cubic metres (352,251 barrels of Oil equivalent per day) of NAG, a decrease of 7 per cent. compared to 22,879 million cubic metres (378,976 barrels of Oil equivalent per day) of NAG for the year ended 31 December 2022. The decrease was primarily driven by lower short-term production forecasting and fluctuations in demand caused by downstream interruptions and the commissioning of Block 10. For the year ended 31 December 2022, PDO produced 22,879 million cubic metres (378,976 barrels of Oil equivalent per day) of NAG for the year ended 31 December 2022, which was a decrease of 3 per cent. compared to 23,625 million cubic metres (391,340 barrels of Oil equivalent per day) of NAG for the year ended 31 December 2021. Production over the period remained largely stable as PDO adapted to fluctuations in market demand through production curtailment and other in-house optimisations, such as aligning upstream and downstream shutdowns, reducing bottlenecks to enhance throughput and increasing NAG availability.

NAG condensate production is dependent on the production of NAG. For the year ended 31 December 2023, PDO produced 36 million barrels of NAG condensate compared to 37 million barrels for the year ended 31 December 2022 and 38 million barrels for the year ended 31 December 2021. The marginal decrease in NAG condensate production was primarily due to lower Government nomination and also a natural decline in production from the well, that also led to lower NAG condensate production since NAG condensate is a by-product of NAG production.

Production of NAG and NAG condensate is also dependent on the operational performance of PDO's gas processing facilities. The Group's strategy is to achieve growth in production capacity through the rapid development of new exploration activities and surface projects to attain a replenishment ratio of 100 per cent. or higher. In addition, the Group seeks to meet gas demand by continuously improving facilities' utilisation and reliability, while maximising revenues by creating throughput for the highest condensate production and curtailing dry-gas assets during low demand periods. The following table sets out the utilisation rates for the key gas processing facilities operated by PDO for the periods indicated.

	Year ended 31 December					
	2023		2022		2021	
	NAG	Condensate	NAG	Condensate	NAG	Condensate
	(%)					
Central Processing Plant	70	41	53	29	56	24
Government Gas Plant	30	—	38	—	37	—
Saih Nihayda Gas Plant	47	37	61	40	54	44
Kauther Gas Plant	14	—	9	—	11	—
Rabab Harweel Integrated Project	58	51	51	54	48	54

Reserves

Future production depends on 2P reserves. Reserves are determined using estimates of Oil and gas in place, recovery factors and future commodity prices. As required by the SPE-PRMS guidelines, the estimated future date when an asset will reach the end of its economic life is based on the Group's forecasted economic scenarios, including costs and Oil price. This date estimates when production will end and affects the amount of estimated reserves. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves also changes.

Future commodity price assumptions tend to be stable because the Group does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. In the Group's reserve estimation process for the year ended 31 December 2023, the OEB price is kept constant for 2023 at US$55 per barrel for year one and thereafter a 3 per cent. annual increase is assumed for the life of the Oil Concession whereas for 1P reserves the OEB price is kept constant at US$82.77 per barrel as per SEC guidelines. The NAG price until 2025 is set out in the NAG Sales Agreement, while future gas prices will be agreed between EDO Gas and IGC Oman in accordance with the methodology set out therein. See "*—Supply, Demand and Price of Hydrocarbons—NAG*" above. The price is then subject to change and is estimated by the Group on a five-year cycle basis.

Reserve replacement represents the change in 2P reserves, net of production, divided by PDO's current year production. For the years ended 31 December 2023, 2022 and 2021, PDO achieved reserve replacement of 89 per cent., 77 per cent. and 75 per cent., respectively. PDO's reserve replacement ratio significantly increased in 2023 compared to 2022 with only 1 per cent. lower Oil production. This was primarily due to the maturation of contingent resources to reserves following the completion of new field development plans and final investment decisions as well as positive technical revisions.

Access to additional resources may become increasingly difficult as commodity prices can make projects uneconomic or unattractive. In addition, the level of 2P reserves is affected by such factors as the rate at which explorations lead to successful discoveries and the speed at which successful exploration and development move to production, the speed at which PDO depletes the reserves through the production of Oil and NAG, and the expiration and extension of the terms of the Concessions. As such, the timing and level at which PDO adds to its reserve base may, or may not, allow it to replace its production over subsequent years.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a cluster, estimates of recoverable reserves may change. Such changes may impact the carrying value of the Group's property, plant and equipment due to changes in estimated future cash flows and depreciation, may result in changes in depreciation, depletion and amortisation charges where such charges are determined using the unit of production method, or where the useful life of the related assets change, or may require revisions to provisions for decommissioning where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities.

Fiscal Terms

As part of the Formation, and effective from 24 February 2021 in the case of the Oil Operations and 6 May 2021 in the case of the Gas Operations, the Group's revenues from its participating interest in Block 6 Oil, NAG and condensate (AG and NAG) have been subject to the fiscal terms described below. Since the Gas Operations Transfer Date, EDO Gas has held the participating interest in Block 6 NAG and condensate (AG and NAG).

The fiscal terms include a combination of royalties and taxes that are set out in two key documents: (i) the Fiscal Protocol, which applies to the Group's 60 per cent. share of Oil under the Oil Concession; and (ii) the Gas Concession Agreement, which applies to NAG and NAG condensate.

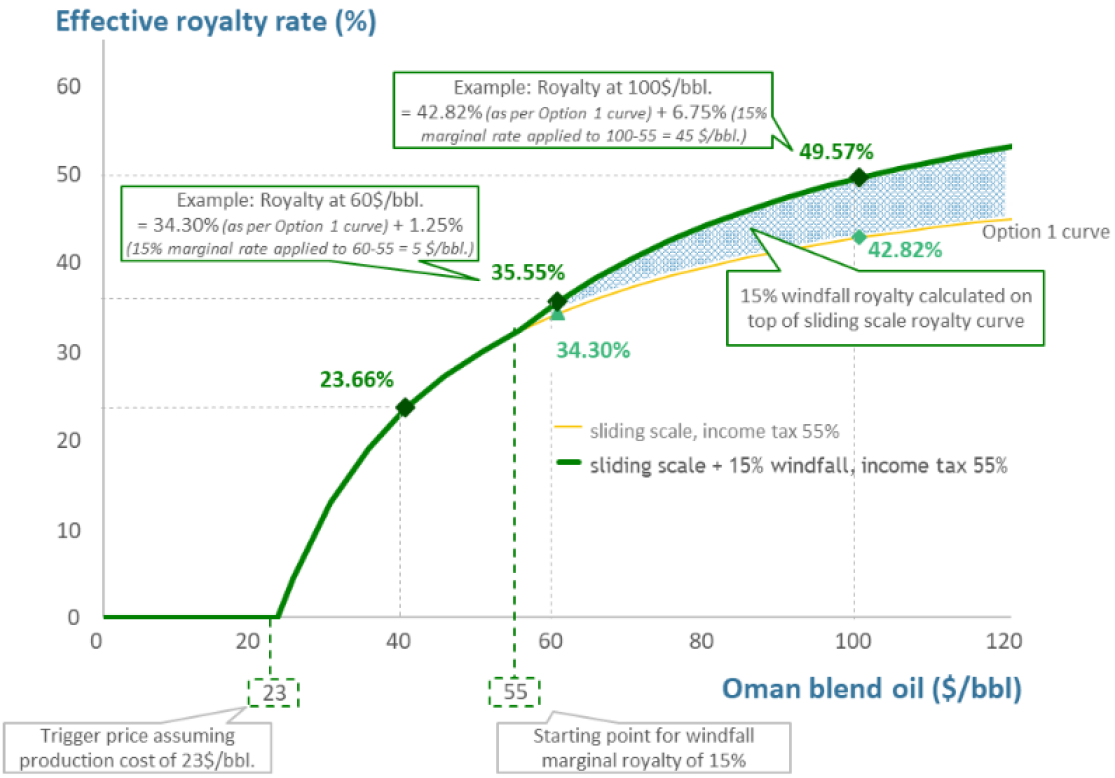
Fiscal Terms Applicable to Oil and Condensate (AG and NAG) Revenues

The Group's participating interest in Block 6 Oil and AG condensate revenues is subject to royalties and income tax under the Fiscal Protocol for Oil, which became effective upon ratification by Royal Decree № 21/2021 on 24 February 2021, while revenues from NAG condensate are also subject to the same royalties and income tax terms under the Gas Concession Agreement, which became effective upon ratification by Royal Decree № 43/2021 on 6 May 2021. AG condensate is commingled with Oil both operationally and legally and AG condensate production is included within Oil production. PDO does not separately monitor or record AG condensate production.

Under the Fiscal Protocol, the Group pays royalties to the Government on a weekly basis based on its monthly revenue from the sale of its 60 per cent. interest in the Oil and AG condensate produced from Block 6, calculated by applying the MOG Price for the nominated month of lifting multiplied by the number of barrels of Oil received by the Group after the deduction of barrels allocated as part of the Government's Pre-Export Financing (as defined below). See "*—FSA Barrel Transfer Obligation*" below. Accordingly, the amount of royalties payable is recognised as an expense at the time of production and shown in the Group's consolidated statement of profit or loss and other comprehensive income as "royalty expenses".

The effective royalty rate is based on the Group's monthly revenue from the sale of Oil and AG condensate calculated by applying the MOG Price for the nominated month of lifting multiplied by the number of barrels of Oil and AG condensate taken by the Group at the petroleum delivery point in such month after deduction of the Government's share of FSA Barrels (as defined below). The royalties consist of a zero royalty, a base royalty and an additional royalty. In any month where the MOG Price is less than US$23.00 per barrel, the royalty rate is zero (zero royalty). In any month where the MOG Price is US$23.00 or more, a sliding scale royalty rate is calculated and paid as a percentage of monthly Oil revenue using a formula of 55.6 per cent. minus the result of 12.778 divided by the MOG Price per barrel (the base royalty). When the MOG Price is US$55.00 per barrel or more in any month, an additional royalty is calculated and paid as a percentage of monthly Oil revenue using a formula of 15 per cent. multiplied by the result of MOG Price per barrel minus US$55.00 per barrel divided by the MOG Price per barrel (the additional royalty). The additional royalty is payable in addition to the base royalty.

The following graph sets out the effective royalty rate at different Oil prices:



Under the Fiscal Protocol, the Group is subject to an income tax rate of 55 per cent. of Taxable Income (as defined in "*—Fiscal Terms Applicable to NAG Revenues*" below). The Group's taxable income is calculated based on Oil revenue minus cost recovery, which comprises the Group's expenditures, the royalties it has paid or payable on the Oil and AG condensate revenue, its participating interest share in PDO's Oil and AG operating costs and its participating interest share in an annual deduction for depreciation applied to capital Oil and AG costs by PDO. Cost recovery excludes certain taxes, duties, imposts and similar charges paid or

payable in respect of petroleum operations, except for customs duties payable by the Group up to 5 per cent. Cost recovery is also partially offset by all revenue that PDO receives in respect of the transportation of hydrocarbons owned by third parties and revenues received in respect of the sale or disposal of assets relating to petroleum operations. The Group is required to calculate depreciation and amortisation applicable for taxation purposes in accordance with the following rates.

	Depreciation
	(%)
Year 1	40
Year 2	30
Year 3	10
Year 4	10
Year 5	10

Income taxes are paid monthly. For the years ended 31 December 2023, 2022 and 2021, the Group's effective tax rate was 86 per cent., 84 per cent. and 35 per cent., respectively. As the income tax applies to the Group from 2021, there was an opening non-deductible element arising from the difference between the IFRS accounting base and the tax base on property, plant and equipment as the Group availed itself of the initial recognition exemption under IAS 12 "Income Taxes". See "*Presentation of Financial, Reserves and Other Information—Presentation of Financial Information—Adjustments to Give Effect to the Royal Decree and Fiscal Protocol*".

Block 6 NAG condensate is subject to the same fiscal terms for royalties and income tax as those applicable to Oil. The Group pays royalties and income tax to the Government based on monthly revenue from the sale of NAG condensate. See "*Material Agreements—Gas Concession—Gas Concession Agreement and 2023 Gas Concession NARA"*.

Fiscal Terms Applicable to NAG Revenues

Under the Gas Concession Agreement, royalties are not applicable to NAG revenues. Income tax is applied at a flat rate of 55 per cent. to taxable income from Block 6 NAG sales. Taxable Income from Block 6 NAG sales is calculated as revenues (which includes the aggregate NAG condensate exports revenue, revenues from the sale of NAG or NAG by-products and any revenues received in respect of the sale or other disposal of gas assets) minus cost recovery (which includes any expenditures, royalties, operating gas costs and annual deductions for depreciation). See "*Material Agreements—Gas Concession—Gas Concession Agreement*".

FSA Barrel Transfer Obligation

Under the fiscal terms, the Group was required to transfer barrels of Oil ("**FSA Barrels**") to the Government, as requested, to enable the Government to perform its obligations under a forward sales agreement that the Government had entered into as part of a pre-export financing arrangement (the "**Pre-Export Financing**"). The Group was not a party to the Pre-Export Financing, and the lenders had no recourse to the Group.

In July 2016, the Government raised US$4.0 billion from a syndicate of banks through a facility structured as pre-export financing using a portion of the Government's share of Oil production in Oman. The borrower of the Pre-Export Financing was a Dutch orphan special purpose vehicle (the "**Dutch SPV**"), which used the proceeds to prepay the Government for future deliveries of Oil under a forward sales agreement. For the years ended 31 December 2022 and 2021, the Group delivered committed Oil volumes of 25.9 million barrels and 16.6 million barrels, respectively. On 21 October 2022, the Group delivered the final 13.0 million barrels of Oil it had committed to deliver under the Pre-Export Financing, settling the Pre-Export Financing in full.

The Group is not required to deliver any further Oil under the arrangement. The Group and the Government agreed that, from 21 October 2022, the Group is entitled to sell all of the Oil comprising its share of Block 6 production.

Prior to the effectiveness of the Fiscal Protocol, payments related to the Pre-Export Financing were adjusted against the Oil receivables and recovered as a distribution to the Government in the invested capital account. Under the Fiscal Protocol, each month until the settlement of the facility on 21 October 2022, the Government informed the Group of the number of FSA Barrels it required in the following month to perform its obligations and the Group delivered these FSA Barrels free of charge on a "first priority basis", meaning that they were transferred from the first barrels of Oil that reached the delivery point each month. The Government owned these FSA Barrels and was entitled to dispose of them. Now that the FSA Barrel delivery requirement has been met, the Group recognises revenue on sales of all of the Oil comprising its share of Block 6 production.

The Group did not recognise revenue for FSA Barrels between 1 January 2022 and 20 October 2022, or during 2021. The associated costs are debited to the consolidated statement of profit or loss for the respective years.

Cost Control and Production Initiatives

While PDO conducts Block 6 Operations on behalf of the Block 6 concession holders, PDO acts as a cost centre on a "no-profit, no-loss" basis, taking cash calls to finance its capital and operating expenses. The Group (previously, the Ministry of Energy and Minerals) is responsible for 60 per cent. of the cash calls to finance Block 6 Oil exploration and development and 100 per cent. of the cash calls for NAG and NAG condensate exploration and development.

PDO's principal costs are well and surface maintenance costs and surface operations costs. PDO has committed to intensify its cost-control programme to mitigate the effects of volatility in Oil prices with a focus on efficiency across its operations. As part of its cost cutting programme, PDO launched the NTSP in 2020, which focuses on cross-company cost reduction and value generation. PDO has also launched the Capital Efficiency programme and the Design, Build, Own, Operate and Maintain initiative, which aim to improve project execution by lowering costs, shortening the time to completion and improving project estimates. In addition, in 2011, PDO launched an ongoing LEAN programme to streamline operations, cut waste, remove inefficiency and avoid duplication of activities. LEAN has resulted in the introduction of new tools and principles in well delivery, operation and maintenance, well and reservoir management, contracting and procurement, people and project delivery. PDO had total savings of US$613 million, US$634 million and US$658 million for the years ended 31 December 2023, 2022 and 2021, respectively, as a result of various programmes including NTSP and Capital Efficiency and other initiatives. Through the Capital Efficiency programme, an additional US$600 million in potential savings has been identified.

Impairment

The Group operates in a capital-intensive industry. At times, their inventories, property, plant and equipment and non-financial assets may become impaired when, for example, commodity prices decline significantly for long periods of time, reserve estimates are revised downward, or a decision to dispose of an asset leads to a write-down to its fair value. The Group may also invest large amounts of money in exploration which, if exploratory drilling proves unsuccessful, could lead to a material impairment of leasehold values. As the Group optimises its assets in the future, it may incur future losses upon sale or impairment charges to long-lived assets used in operations and unproved properties.

Factors Affecting the Comparability of Results

Fiscal Terms

The comparability of the financial information for the periods presented in this Base Offering Circular has been impacted by the fiscal terms that were implemented as part of the Formation. Effective from 24 February 2021 in the case of the Oil Operations and 6 May 2021 in the case of the Gas Operations, the Group's revenues from its participating interest in Block 6 Oil, NAG and condensate (AG and NAG) became subject to fiscal terms during the periods presented in this Base Offering Circular. These fiscal terms include the application of royalties paid to the Government on a weekly basis based on the Group's monthly revenue from the sale of Oil and condensate, taxes paid to the Government on income derived from the Oil Operations and Gas Operations, and changes in the Oil and gas reserve estimates. For more information regarding these impacts, see "*—Factors Affecting the Group's Results of Operations and Financial Condition—Fiscal Terms*" above. The fiscal terms also impact the accounting for NAG revenue, depreciation charge and abandonment estimates due to change in reserves, finance income and transportation costs. For more information regarding these impacts, see "*Presentation of Financial, Reserves and Other Information—Comparability of Financial Information*".

The fiscal terms materially alter the results of operations of the Group. The Group's results of operations for the years ended 31 December 2023 and 2022 reflect the impact of the fiscal terms throughout the years ended 31 December 2023 and 2022. Therefore, the Group's results of operations for the years ended 31 December 2023 and 2022 are not directly comparable to the Group's results of operations for the year ended 31 December 2021, which reflect the impact of the fiscal terms from 24 February 2021 and 31 December 2021 in the case of the Oil Operations and from 5 May 2021 and 31 December 2021 in the case of the Gas Operations.

Reclassifications in the comparative financial information for the year ended 31 December 2022

Certain figures in the comparative financial information for the year ended 31 December 2022 included in the Audited 2023 Financial Statements have been reclassified in order to improve the quality of information presented and conform with the presentation of the financial information for the year ended 31 December 2023. For more information, see "*Presentation of Financial, Reserves and Other Information-Comparability of Information-Reclassifications in the Comparative Financial Information as at and for the Year ended 31 December 2022*".

Recent Developments

Since 31 December 2023, the Group's production volumes and revenue have remained stable and are in line with its estimates.

Results of Operations of the Group

Description of Key Consolidated Statement of Profit or Loss and Other Comprehensive Income Line Items

Revenue

Revenue primarily consists of sales of Oil, NAG and NAG condensate. Between 1 January 2021 and 23 February 2021, the Ministry of Energy and Minerals entered into all contracts for the sale of Oil products with end-customers; however, in order to satisfy its performance obligations, the Ministry comingled Oil, NAG and NAG condensate from Block 6 with Oil, NAG and NAG condensate, respectively, from the other blocks owned by the Government. As a result, specific customers and revenue contracts for Oil, NAG and NAG condensate during this period cannot be assigned.

Revenue from the Sale of Oil

Between 1 January 2021 and 23 February 2021, Oil revenue is determined and allocated based on the Ministry of Energy and Minerals' average selling price per barrel for export and domestic sales for the respective month by applying the same composition of export sales and domestic sales to total Ministry of Energy and Minerals' sales. The Ministry of Energy and Minerals' monthly share of production liftings (sales volume) relating to the Block 6 Operations is obtained from PDO and sales volumes between export sales and domestic sales are split based on the same ratio of export and domestic sales in relation to the total Ministry of Energy and Minerals' sales for January 2021 and up to 23 February 2021. The Ministry of Energy and Minerals' average selling prices (export or domestic, as the case may be) are applied to arrive at Oil revenue prior to 23 February 2021. From 24 February 2021, revenue from the sale of Oil comprises Oil sold by the Group under the Oil OEB SPA with the Ministry of Energy and Minerals. Pursuant to the Oil OEB SPA, the Group sells its share of Oil production to the Ministry of Energy and Minerals or designated customers at the price set out in customer agreements.

Revenue from the Sale of NAG condensate

Between 1 January 2021 and 5 May 2021, NAG condensate revenue is determined and allocated based on the Ministry of Energy and Minerals' average OEB selling price per barrel of NAG condensate for domestic sales for the respective month applied to Block 6 Operations' monthly share of production liftings (sales volume). All NAG condensate during this period is deemed to be exported so the ministry's average export selling prices are applied to determine NAG condensate revenue. From 6 May 2021, NAG condensate revenue comprises NAG condensate sold to the Ministry of Energy and Minerals or designated customers pursuant to the Oil OEB SPA at the price set out in agreements between the ministry and its customers and agreed with the Group.

For information on the responsibility for and accounting of NAG condensate in future Group financial statements, see "*Presentation of Financial, Reserves and Other Information—Comparability of Financial Information—NAG Condensate Revenue*".

Revenue from the Sale of NAG

Between 1 January 2021 and 5 May 2021, NAG revenue consists of sales of NAG by the Block 6 Operations. NAG revenue from the Block 6 Operations between these dates is determined and allocated based on the Ministry of Energy and Minerals' average selling price of NAG per metric tonne for liquified petroleum gas and cubic metres for gas products in three other categories: local industries, power plants and industrial estate. The Ministry of Energy and Minerals' average selling prices for each category are applied to sales volumes for each category to arrive at the NAG revenue for the period. From 6 May 2021, NAG revenue comprises sales of NAG to the Ministry of Energy and Minerals at a fixed transfer price, with an annual increase of 2.5 per cent. for five years. For information on the responsibility for and accounting of NAG in future Group financial statements, see "*Presentation of Financial, Reserves and Other Information—Comparability of Financial Information—NAG Revenue*".

Revenue is recognised at the point in time when control of the product is transferred to the Government. For Oil and NAG condensate, control transfers when OEB is physically transferred into a vessel, pipe or other delivery mechanism and the Ministry of Energy and Mineral's customer takes physical possession thereof. For NAG, control transfers at the gas delivery point (i.e., the inlet flange of the customer's plant), as defined in the NAG Sales Agreement.

Other Operating Income

Other operating income includes revenue from arrangements that are not considered contracts with customers. The primary component of other operating income is the Group's share of the compensation received by the Ministry of Energy and Minerals from the operator of Block 53 for the lower grade of Oil produced by one of Block 53's Oil fields that is blended and commingled with the OEB sold by the ministry

in accordance with the Oman Blend Revenue Distribution Agreement ("**OBRDA**"). Under the OBRDA, the operator of Block 53 pays compensation to other Oil producers in Oman for the impact of this lower grade of Oil with the compensation split based on the production volumes of each respective Oil producer. Other operating income also includes gains on disposals of property, plant and equipment, changes in abandonment estimates for purposes of calculating the Group's abandonment provision and foreign exchange gain. For the financial year ended 31 December 2023, other operating income also includes land fees and tender fees.

Finance Income

Finance income includes interest income accrued on deferred payments and bank balances. The primary component of finance income in the Audited Financial Statements is interest income on the bank account balances. Interest income is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Finance income also includes interest income from interest accrued on PDO's national objective investment balances.

Production Expenses

Production expenses include operating expenses related to producing hydrocarbons, including surface operations and maintenance expenses (subsurface and surface costs), well production expenses and other production expenses such as staff costs, Oil inventory movement (e.g., under-liftings) and other expenses as required by the Group. Production expenses also include the purchase of residue reinjections related to Block 6 from a related Government entity.

Depreciation, Depletion and Amortisation

Depreciation, depletion and amortisation include depreciation on property, plant and equipment and depreciation on right of use assets. The carrying amount of capitalised costs is included as part of property, plant and equipment under producing assets. Capitalised costs of production wells and production facilities include costs relating to exploration, seismic evaluation, geological and geophysical or other related costs.

Property, plant and equipment related to hydrocarbon production activities are depreciated on a Unit of Production ("**UOP**") basis over the proved developed Oil and gas reserves of the relevant cluster, except with respect to assets with useful lives that differ from the lifetime of the cluster, which are depreciated applying the straight-line method. This results in a depreciation charge proportional to the depletion of the anticipated remaining production from the cluster. For the purpose of proved developed reserves, management uses the SEC-mandated yearly average Oil prices and management's estimate of the fixed gas prices. Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of production assets. The life of each item, which is assessed at least annually, is calculated by reference to both its physical life limitations and present assessments of economically recoverable reserves of the cluster in which the asset is located. The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future Capital Expenditure estimates change.

Right of use assets are depreciated by applying the straight-line method.

Other Expenses

Other expenses primarily comprise the additions or reversals of provisions for expected credit losses. For the financial years ended 31 December 2022 and 2021, other expenses also includes net book value of assets written off or disposed of during the relevant period.

Selling and Distribution Expenses

For the comparative financial information for the year ended 31 December 2021 in the Audited 2022 Financial Statements, selling and distribution expenses comprise transportation costs paid to the OQ Gas

Networks SAOC ("**OQGN**") in relation to the NAG produced by PDO. Between 1 January 2021 and 5 May 2021, transportation costs were allocated based on the ratio of the Block 6 Operations' NAG sales volumes for the period to the total Ministry of Energy and Minerals NAG sales from all blocks for the period. Transportation costs for the period 1 May 2021 to 5 May 2021 were determined based on a pro rata allocation of total Ministry of Energy and Minerals' transportation costs for the month of May 2021, which was allocated based on the ratio of Block 6 operation's NAG sales volumes for the period to the total Ministry of Energy and Minerals NAG sales from all blocks for the same period. Transportation costs after 6 May 2021 are not part of the Group's selling and distribution expenses as they are incurred by the Government.

For the Group's results of operations for the years ended 31 December 2023 and 2022, transportation costs are not part of the Group's selling and distribution expenses as they are incurred by the Government. Additions to estimated credit loss ("**ECL**") provisions during these periods are reclassified to "Other Expenses".

Royalty Expenses

Royalty expenses consist of the royalties that the Group is required to pay to the Government on a weekly basis based on its monthly revenue from the sale of Oil and NAG condensate under the Fiscal Protocol. The Group's results of operations include the payment of royalties from 24 February 2021 for Oil and from 6 May 2021 for NAG condensate. The royalties payable by the Group meet the criteria to be treated as an expense and, accordingly, are recognised in the consolidated statement of profit or loss. See "*—Factors Affecting the Group's Results of Operations and Financial Condition—Fiscal Terms—Fiscal Terms Applicable to Oil and Condensate (AG and NAG) Revenues*" above.

Finance Costs

Finance costs relate to the interest expense on lease liabilities, interest on loans, the unwinding cost on the abandonment provision and profit on the sukuk bond for the financial year ended 31 December 2023. The abandonment provision represents the present value of the abandonment costs relating to Oil and gas properties, which are expected to be incurred up to 2044 for Oil and gas, when the producing Oil and gas properties are expected to cease operations.

Income Tax Expenses

Income tax expenses consist of the taxes that the Group is required to pay to the Government on its income derived from its Oil and gas activities under the Fiscal Protocol. See "*—Factors Affecting the Group's Results of Operations and Financial Condition—Fiscal Terms—Fiscal Terms Applicable to Oil and Condensate (AG and NAG) Revenues*" above for more information on the calculation of these taxes. The Group's results of operations for the years ended 31 December 2023 and 2022 include income tax expenses for the full year for Oil, NAG and condensate. The Group's results of operations for the year ended 31 December 2021 include income tax expenses from 24 February 2021 to 31 December 2021 for Oil and from 6 May 2021 to 31 December 2021 for NAG and condensate.

The major components of income tax expenses are current income tax expense and deferred income tax relating to origination and reversal of temporary deferred tax asset and deferred tax liabilities. Deferred income tax expense is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. A deferred tax liability is not recognised with respect to the timing difference between the accounting base and the tax base on property plant and equipment as the Group has availed itself of the initial recognition exemption under IAS 12 "Income Taxes". See "*Presentation of Financial, Reserves and Other Information—Presentation of Financial Information—Adjustments to Give Effect to the Royal Decree and Fiscal Protocol*". Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor

taxable profit or loss. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

The following table sets forth the Group's consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2023 and 2022 as presented in the Audited 2023 Financial Statements.

	Year ended 31 December	
	2023	**2022**
	(US$'000)	
Revenue	16,422,914	17,281,524
Other operating income	176,172	193,456
Finance income	7,559	2,385
Total revenues and other income	**16,606,645**	**17,477,365**
Production expenses	(1,115,911)	(1,412,711)
Royalty expenses	(6,525,451)	(7,397,206)
Depreciation, depletion and amortisation	(3,840,790)	(3,567,022)

	Year ended 31 December	
	2023	**2022**
	(US$'000)	
Other expenses	(30,348)	(19,932)
Profit before interest and tax	**5,094,145**	**5,080,494**
Finance costs	(606,604)	(396,605)
Profit before tax	**4,487,541**	**4,683,889**
Income tax expenses	(3,790,479)	(3,914,669)
Profit for the year	**697,062**	**769,220**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Re-measurement of pension fund obligation	12,990	(91,457)
Total comprehensive income for the year	**710,052**	**677,763**

Revenue

The Group's revenue was US$16,423 million for the year ended 31 December 2023 compared to US$17,282 million for the year ended 31 December 2022, representing a decrease of 5 per cent. (or US$859 million). The decrease was primarily attributable to declines in Oil and NAG and NAG condensate revenue as set out below.

The following table sets out a breakdown of the Group's revenue for the years ended 31 December 2023 and 2022.

	Oil		NAG & NAG condensate		Adjustments & eliminations		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
				(US$'000)				
External customers								
Oil	11,612,126	11,711,655	—	—	—	—	11,612,126	11,711,655
NAG	—	—	1,934,498	2,055,460	—	—	1,934,498	2,055,460
Condensate	—	—	2,876,290	3,514,409	—	—	2,876,290	3,514,409
Inter Segment	—	—	—	—	—	—	—	—
Total revenue from contracts with customers	**11,612,126**	**11,711,655**	**4,810,788**	**5,569,869**	—	—	**16,422,914**	**17,281,524**

Revenue from Sales of Oil

The Group's revenue from the sale of Oil was US$11,612 million for the year ended 31 December 2023 compared to US$11,712 million for the year ended 31 December 2022, representing a decrease of 1 per cent. (or US$100 million). The decrease was primarily attributable to lower global OEB prices in 2023 compared to 2022. The average OEB price for the year ended 31 December 2023 was US$82 per barrel compared to US$95 per barrel in 2022. The volume of Oil sold increased to 141 million barrels in 2023 compared to 112 million barrels in 2022, an increase of 29 million barrels. The increase of barrels sold in 2023 resulted from the settlement of the Pre-Export Financing by the Government on 21 October 2022, which enabled the Group to sell more barrels to external customers. See "*Factors affecting the Group's Results of Operation and Financial Condition—Fiscal Terms—FSA Barrel Transfer Obligation*" above.

Revenue from Sales of NAG and NAG condensate

The Group's revenue from the sale of NAG and NAG condensate was US$4,811 million for the year ended 31 December 2023 compared to US$5,570 million for the year ended 31 December 2022, representing a decrease of 14 per cent. (or US$759 million). Of the US$759 million decrease, US$638 million relates to a decrease in revenue from the sale of NAG condensate. This decrease was primarily attributable to the decrease in global OEB prices in 2023 compared to 2022 described above. The decrease in revenue from the sale of NAG in 2023 compared to 2022 was US$121 million. This decrease was primarily attributable to a lower quantity being sold resulting from the lower volume requirements of the Government since the Group acts as a swing producer. The annual production for NAG condensate in 2023 decreased to 129 million barrels of Oil equivalent from 138 million barrels of Oil equivalent in 2022.

Other Operating Income

The Group's other operating income was US$176 million for the year ended 31 December 2023 compared to US$193 million for the year ended 31 December 2022, representing a decrease of 9 per cent. (or US$17 million). The decrease was primarily attributable to lower OBRDA compensation and lower gains recorded on disposals of property, plant and equipment in 2023 compared to 2022, while foreign exchange, tender fee, land fee and gain on changes in abandonment estimates increased in 2023 compared to 2022.

Finance Income

The Group's finance income was US$8 million for the year ended 31 December 2023 compared to US$2 million for the year ended 31 December 2022, representing an increase of US$5 million. The increase was primarily attributable to a higher interest rate earned on deposits.

Production Expenses

The following table sets out a breakdown of the Group's production expenses for the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	**2022**
	(US$'000)	
Well production expenses	(293,273)	(280,001)
Change in inventory (Oil inventory and consignment stock)	44,267	(138,316)
Throughput and other income	105,054	103,718
Surface operations and maintenance expenses	(540,627)	(556,316)
Other production expenses	(431,332)	(541,796)
Total production expenses(1)	**(1,115,911)**	**(1,412,711)**

Note:

(1) Production expenses included staff costs of US$452 million and US$430 million for the years ended 31 December 2023 and 2022, respectively. For the year ended 31 December 2023, medical expense reimbursements are included in staff costs, resulting in amendments to the staff costs in the comparative financial information for the year ended 31 December 2022.

The Group's production expenses were US$1,116 million for the year ended 31 December 2023 compared to US$1,413 million for the year ended 31 December 2022, representing a decrease of 21 per cent. (or

US$297 million). The decrease was primarily attributable to a change in inventory levels and a reduction in other production expenses that primarily resulted from a decrease in NAG consumption.

Depreciation, Depletion and Amortisation

The Group's depreciation, depletion and amortisation were US$3,841 million for the year ended 31 December 2023 compared to US$3,567 million for the year ended 31 December 2022, representing an increase of 8 per cent. (or US$274 million). The increase was primarily attributable to an increase in net book value of depreciable assets, coupled with a higher depletion rate.

Other Expenses

The Group's other expenses were US$30 million for the year ended 31 December 2023 compared to other operating expenses of US$20 million for the year ended 31 December 2022, representing an increase of 52 per cent. (or US$10 million). The increase was primarily attributable to increased consultancy costs.

Royalty Expenses

The Group's royalty expenses were US$6,525 million for the year ended 31 December 2023 compared to US$7,397 million for the year ended 31 December 2022, representing a decrease of 12 per cent. (or US$872 million). The decrease was primarily attributable to a lower royalty rate due to the lower average Oil price in 2023 compared to 2022.

Finance Costs

The Group's finance costs were US$607 million for the year ended 31 December 2023 compared to US$397 million for the year ended 31 December 2022, representing an increase of 53 per cent. (or US$210 million). The increase was primarily attributable to increased loans and borrowings which totalled US$7,624 million as of 31 December 2023 compared to US$5,893 million as of 31 December 2022. The increase in the Secured Overnight Financing Rate ("**SOFR**"), which is applicable to the Term Loan, has further contributed to the higher interest costs.

Profit before Tax

The Group's profit before tax was US$4,487 million for the year ended 31 December 2023 compared to US$4,684 million for the year ended 31 December 2022, representing a decrease of 4 per cent. (or US$196 million). The decrease was primarily attributable to the factors described above.

Income Tax Expenses

The Group's income tax expenses were US$3,790 million for the year ended 31 December 2023 compared to US$3,915 million for the year ended 31 December 2022, representing a decrease of 3 per cent. (or US$124 million). The decrease was primarily attributable to a lower deferred tax charge as a result of the unwinding of an initial recognition exemption adopted by the Group on property, plant and equipment.

Profit for the Year

The Group's profit for the year was US$697 million for the year ended 31 December 2023 compared to US$769 million for the year ended 31 December 2022, representing a decrease of 9 per cent. (or US$72 million). The decrease was primarily attributable to the factors described above.

EBITDA

Set forth below is the Group's EBITDA for the years ended 31 December 2023 and 2022. EBITDA is an APM and should not be considered as an alternative to the Audited 2023 Financial Statements. See "*Presentation of Financial, Reserves and Other Information—Comparability of Financial Information—Alternative Performance Measures*" for a definition of EBITDA and a reconciliation of EBITDA to the nearest IFRS measure.

The Group's EBITDA was US$8,927 million for the year ended 31 December 2023 compared to US$8,645 million for the year ended 31 December 2022, representing an increase of 3 per cent. (or US$282 million). Although the number of barrels of Oil sold in 2023 increased, the effect of this increase was offset by the lower average price of Oil in 2023. Accordingly, the increase was primarily attributable to lower royalty expenses due to the lower average price of Oil and NAG condensate, as well as lower production expenses as described above.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

The following table sets forth the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 as presented in the comparative financial information in the Audited 2023 Financial Statements and for the year ended 31 December 2021 as presented in the comparative financial information in the Audited 2022 Financial Statements.

	Year ended 31 December	
	2022	**2021**
	(US$'000)	
Revenue	17,281,524	11,532,298
Other operating income	193,456	45,192
Finance income	2,385	7,812
Total revenues and other income	**17,477,365**	**11,585,302**
Production expenses	(1,412,711)	(895,198)
Royalty expenses	(7,397,206)	(3,080,869)
Depreciation, depletion and amortisation	(3,567,022)	(3,217,626)
Other expenses	(19,932)	(45,835)
Selling and distribution expenses	—	(74,106)
Profit before interest and tax	**5,080,494**	**4,271,668**
Finance costs	(396,605)	(211,896)
Profit before tax	**4,683,889**	**4,059,772**
Income tax expenses	(3,914,669)	(1,418,893)
Profit for the year	**769,220**	**2,640,879**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Re-measurement of pension fund obligation	(91,457)	(155,404)
Total comprehensive income for the year	**677,763**	**2,485,475**

Revenue

The Group's revenue was US$17,282 million for the year ended 31 December 2022 compared to US$11,532 million for the year ended 31 December 2021, representing an increase of 50 per cent. (or US$5,749 million). The increase was primarily attributable to increases in the average price of OEB and NAG condensate in 2022. An increase in sales volumes also contributed to increased revenue in 2022.

The following table sets out a breakdown of the Group's revenue for the years ended 31 December 2022 and 2021.

	Oil		NAG & NAG condensate		Adjustments & eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
				(US$'000)				
External customers								
Oil	11,711,655	6,696,629	—	—	—	—	11,711,655	6,696,629
NAG	—	—	2,055,460	2,259,084	—	—	2,055,460	2,259,084
Condensate	—	—	3,514,409	2,576,585	—	—	3,514,409	2,576,585
Inter Segment	—	—	—	65,323	—	(65,323)	—	—
Total revenue from contracts with customers	**11,711,655**	**6,696,629**	**5,569,869**	**4,900,992**	**—**	**(65,323)**	**17,281,524**	**11,532,298**

Revenue from Sales of Oil

The Group's revenue from the sale of Oil was US$11,712 million for the year ended 31 December 2022 compared to US$6,697 million for the year ended 31 December 2021, representing an increase of 75 per cent. (or US$5,015 million). The increase was primarily attributable to the increase in the average Oil price to US$95.36 per barrel in 2022 from US$64.29 per barrel in 2021. Moreover, the volume of Oil produced also increased to 123 million barrels (including FSA Barrels) in 2022 compared to 102 million barrels (including FSA Barrels) in 2021, an increase of 21 million barrels.

Revenue from Sales of NAG and NAG condensate

The Group's revenue from the sale of NAG and NAG condensate was US$5,570 million for the year ended 31 December 2022 compared to US$4,836 million for the year ended 31 December 2021, representing an increase of 15 per cent. (or US$734 million). The increase was primarily attributable to the increase in the average price for NAG condensate in 2022, which offset a marginal decrease in the production of NAG condensate. The average price of NAG condensate increased to US$96.21 in 2022 compared to an average price of US$69.26 in 2021. The annual production for NAG condensate in 2022 decreased slightly to 37 million barrels from 38 million barrels in 2021.

Other Operating Income

The Group's other operating income was US$193 million for the year ended 31 December 2022 compared to US$45 million for the year ended 31 December 2021, representing an increase of US$148 million. The increase was primarily attributable to an increase of US$54 million in Oil and gas OBRDA compensation in 2022. Moreover, gains on disposals of property, plant and equipment and foreign exchange and gain on changes in abandonment estimates increased in 2022 compared to 2021.

Finance Income

The Group's finance income was US$2 million for the year ended 31 December 2022 compared to US$8 million for the year ended 31 December 2021, representing a decrease of 69 per cent. (or US$5 million). The decrease was primarily attributable to interest income not being recognised on the NAG Financing Receivable (deferred payments) in 2022.

Production Expenses

The following table sets out a breakdown of the Group's production expenses for the years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	**2021**
	(US$'000)	
Well production expenses	(280,001)	(228,397)
Change in inventory (Oil inventory and consignment stock)	(138,316)	166,349
Surface operations and maintenance expenses	(556,316)	(452,187)
Other production expenses	(438,078)	(380,963)
Total production expenses(1)	**(1,412,711)**	**(895,198)**

Note:

(1) Production expenses included staff costs of US$430 million and US$403 million for the years ended 31 December 2022 and 2021, respectively

The Group's production expenses were US$1,413 million for the year ended 31 December 2022 compared to US$895 million for the year ended 31 December 2021, representing an increase of 58 per cent. (or US$518 million). The increase was primarily attributable to the change in inventory of Oil and consignment stock. Moreover, well production expenses increased due to high restoration, integrity and abandonment jobs. Further, surface operations and maintenance expenses increased due to higher corrective and preventive maintenance across clusters.

Depreciation, Depletion and Amortisation

The Group's depreciation, depletion and amortisation were US$3,567 million for the year ended 31 December 2022 compared to US$3,218 million for the year ended 31 December 2021, representing an increase of 11 per cent. (or US$349 million). The increase was primarily attributable to additions in property, plant and equipment and right-of-use assets.

Other Expenses

The Group's other expenses were US$20 million for the year ended 31 December 2022 compared to other operating expenses of US$46 million for the year ended 31 December 2021, representing a decrease of 57 per cent. (or US$26 million). The decrease was primarily attributable to the reclassification of assets written-off and/or disposed amounting to US$34 million for the year ended 31 December 2022. This amount has been netted off against gains on disposals of property, plant and equipment within other operating income.

Selling and Distribution Expenses

The following table sets out a breakdown of the Group's selling and distribution expenses for the years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	2021
	(US$'000)	
Transportation costs[(1)]	—	(74,106)
Total selling and distribution expenses	—	(74,106)

Note:

(1) In 2022, these items were incurred by the Ministry of Energy and Minerals.

The Group's selling and distribution expenses were nil for the year ended 31 December 2022 compared to of US$74 million for the year ended 31 December 2021. The decrease was primarily attributable to transportation costs and basic salaries and allowances after 6 May 2021 not being included in the Group's selling, distribution and general management expenses as they are incurred by the Ministry of Energy and Minerals, and the re-classification of expected credit loss ("**ECL**") provisions to "Other expenses". See "*Presentation of Financial, Reserves and Other Information—Presentation of Financial Information—Adjustments to Give Effect to the Royal Decree and Fiscal Protocol*".

Royalty Expenses

The Group's royalty expenses were US$7,397 million for the year ended 31 December 2022 compared to US$3,081 million for the year ended 31 December 2021, representing an increase of 140 per cent. (or US$4,316 million). The increase was primarily attributable to royalty expenses not being incurred prior to 24 February 2021 for Oil and 6 May 2021 for condensate (AG and NAG). The increases in the average Oil price and volume lifting in 2022 also contributed to the higher royalty.

Finance Costs

The Group's finance costs were US$397 million for the year ended 31 December 2022 compared to US$212 million for the year ended 31 December 2021, representing an increase of 87 per cent. (or US$185 million). The increase was primarily attributable to interest expenses on the incurrence of the new Shareholder Bridge Facility and a full year of interest payments on US$2.5 Billion Facility (as defined below) established in August 2021. The increase in LIBOR, which is applicable to the Term Loan, has further contributed to the higher interest costs.

Profit before Tax

The Group's profit before tax was US$4,684 million for the year ended 31 December 2022 compared to US$4,060 million for the year ended 31 December 2021, representing an increase of 15 per cent. (or US$624 million). The increase was primarily attributable to the factors described above.

Income Tax Expenses

The Group's income tax expenses were US$3,915 million for the year ended 31 December 2022 compared to US$1,419 million for the year ended 31 December 2021, representing an increase of US$2,496 million. The increase was primarily attributable to income tax not being applicable prior to the implementation of the Fiscal Protocol in 2021. Moreover, the current tax component has increased due the higher production and pricing in 2022. The increase was also driven by a significant increase in the deferred tax expense in 2022 compared to 2021. This is primarily because in 2021, a one-time gain amounting to US$900 million was recorded on the abandonment provision (net of abandonment asset), creating a deferred tax asset. Going forward, effect is given only to the incremental changes to the net abandonment provision, thereby causing volatility in the deferred tax charge.

Profit for the Year

The Group's profit for the year was US$769 million for the year ended 31 December 2022 compared to US$2,641 million for the year ended 31 December 2021, representing a decrease of 71 per cent. (or US$1,872 million). The decrease was primarily attributable to the factors described above.

EBITDA

Set forth below is the Group's EBITDA for the years ended 31 December 2022 and 2021. EBITDA is an APM and should not be considered as an alternative to the Audited 2022 Financial Statements. See "*Presentation of Financial, Reserves and Other Information—Comparability of Financial Information—Alternative Performance Measures*" for a definition of EBITDA and a reconciliation of EBITDA to the nearest IFRS measure.

The Group's EBITDA was US$8,645 million for the year ended 31 December 2022 compared to US$7,481 million for the year ended 31 December 2021, representing an increase of 16 per cent. (or US$1,164 million). The increase was primarily attributable to increased earnings due to higher volume lifting and pricing in 2022.

Liquidity and Capital Resources

The Group covers cash calls and recognises revenues from Oil sales and NAG sales in proportion to its participating interest of 60 per cent. and 100 per cent., respectively. Prior to the Gas Operations Transfer Date, the Group recognised revenues and covered cash calls from 100 per cent. of NAG sales. The Group continues to recognise revenue from 100 per cent. of NAG sales in its financial statements.

The Group depends upon the earnings and cash flow of the Oil Operations and the Gas Operations operated by PDO. PDO acts as a cost centre on a "no-profit, no-loss" basis, taking cash calls to finance its Capital Expenditure and operating expenses. The Group is responsible for 60 per cent. of the cash calls to fund Oil Operations and 100 per cent. of the cash calls to fund Gas Operations.

The Group's sources of funds include funds generated from operations and funds from external borrowings, including the US$2.5 Billion Facility (as defined below). The Group's senior management has agreed on a medium-term funding policy for the Group which states that base capital costs will be funded through additional debt up to a Funds from Operations ("**FFO**") to Net Debt ratio of 45 per cent., and the remaining balance will be funded in the same manner as operating expenses. Any incremental capital costs will be funded through debt. For these purposes, FFO is calculated as EBITDA minus profit (loss) on inventory valuation minus interest paid minus cash taxes, and Net Debt means the sum of outstanding term loan and lease liabilities minus the closing cash and bank balances.

The Group had cash and cash equivalents of US$706 million as at 31 December 2023. The Group's management is of the opinion that, taking into account the Group's current banking facilities and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements for at least the next 12 months following the date of publication of this Base Offering Circular.

Cash Flows

The following table presents a summary of the Group's cash flows for the years ended 31 December 2023 and 2022 as presented in the Audited 2023 Financial Statements and for the year ended 31 December 2021 as presented in the Audited 2022 Financial Statements.

	Year ended 31 December		
	2023	**2022**	**2021**
		(US$'000)	
Net cash from operating activities	6,518,654	5,152,272	4,852,747
Net cash used in investing activities	(3,574,129)	(3,235,272)	(2,912,998)
Net cash used in financing activities	(2,487,610)	(2,008,377)	(1,600,237)
Increase (Decrease) in cash and bank balances	456,915	(91,377)	339,512
Cash and bank balances at beginning of year	249,403	340,780	1,268
Cash and bank balances at end of year	706,318	249,403	340,780

Net Cash from Operating Activities

Net cash from operating activities consists of cash from operating activities, working capital changes (including those due to fiscal adjustments) and income tax paid.

The Group's net cash from operating activities was US$6,519 million for the year ended 31 December 2023 compared to US$5,152 million for the year ended 31 December 2022, representing an increase of 27 per cent. (or US$1,366 million). The increase was primarily attributable to changes in working capital, specifically a change in amounts due from related parties of US$1,852 million. For the year ended 31 December 2023, there was a US$613 million decrease in amounts due from related parties. The decrease in related parties receivables for 2023 was primarily due to a decrease in receivables from the Ministry of Energy and Minerals for the sale of Oil, a decrease in receivables from the sale of NAG and a decrease in OBRDA receivables from PDO.

The Group's net cash from operating activities was US$5,152 million for the year ended 31 December 2022 compared to US$4,853 million for the year ended 31 December 2021, representing an increase of 6 per cent. (or US$300 million). The increase was primarily attributable to higher working capital.

Net Cash Used in Investing Activities

Net cash used in investing activities consists of cash used in the acquisition of property, plant and equipment and expenditure on exploration and evaluation assets. It also includes proceeds from the disposal of property, plant and equipment and movement in housing loans and other non-current assets.

The Group's net cash used in investing activities was US$3,574 million for the year ended 31 December 2023 compared to US$3,235 million for the year ended 31 December 2022, representing an increase of 10 per cent. (or US$339 million). The increase was primarily attributable to an increase of US$320 million in acquisition of property, plant and equipment.

The Group's net cash used in investing activities was US$3,235 million for the year ended 31 December 2022 compared to US$2,913 million for the year ended 31 December 2021, representing an increase of 11 per cent. (or US$322 million). The increase was primarily attributable to an increase in the acquisition of property, plant and equipment and exploration and evaluation assets.

Net Cash Used in Financing Activities

Net cash used in financing activities consists of distribution of free cash to the Government as return on retained earnings. It also includes loans received, share capital, dividends paid out, paid interest and cash used in payment of lease liabilities.

The Group's net cash used in financing activities was US$2,488 million for the year ended 31 December 2023 compared to US$2,008 million for the year ended 31 December 2022, representing an increase of 24 per cent. (or US$479 million). The increase was primarily attributable to an increase of US$1,978 million in net loans repaid for the year ended 31 December 2023. In addition, finance cost for the year ended 31 December 2023 increased by US$134 million.

The Group's net cash used in financing activities was US$2,008 million for the year ended 31 December 2022 compared to US$1,600 million for the year ended 31 December 2021, representing an increase of 26 per cent. (or US$408 million). The increase was primarily attributable to the payment of a dividend in 2022 as well as increases in finance costs and the principal portion of lease liabilities during the year compared to 2021.

Dividends and Distributions

In accordance with its dividend policy approved on 3 August 2023, the Group intends to declare dividends on a monthly basis based on the total forecasted Residual Block 6 Cash (as defined below) available in each month for the relevant year after any applicable adjustment for the respective month's actual Residual Block 6 Cash. "**Residual Block 6 Cash**" means, in respect of any calendar month, the cash available to the Group calculated as:

- net cash receipts from the Group's participating interest share in petroleum operations and EDO Gas' Gas Operations during that calendar month;
- minus royalties and income tax paid or accrued in relation to Oil Operations and Gas Operations during that calendar month;
- plus the cash proceeds of any permitted financial indebtedness during that calendar month;
- minus financing costs and repayments of financing principal paid or falling due for payment during that calendar month;
- minus financing costs for the following quarter;
- minus the Group's operating costs incurred or paid during that calendar month in respect of the Oil Operations and the Gas Operations, respectively; and
- minus the working capital requirements of the Group in respect of the Oil Operations and the Gas Operations, respectively.

Capital Expenditure

Capital Expenditure relates to expenses incurred for developing or upgrading the infrastructure, equipment and facilities required for Oil, NAG and NAG condensate production and operations and excludes the expenditure on abandonment assets. These expenses pertain to existing wells or new projects and include expenses related to development, infrastructure, integrity, safety and environment. Capital Expenditure also includes the drilling of wells and the construction and establishment of facilities. PDO's principal Oil Capital Expenditure includes (i) well-related Capital Expenditure, consisting of expenditure on drilling, hoist, flowline and hook-up, (ii) facility/non-well Capital Expenditure, consisting of the design, construction, acquisition and installation of production platforms and facilities, pipelines for export processing and the storage of hydrocarbons, insurance spare costs and commissioning costs, and (iii) common non-well Capital Expenditure comprising other non-well and non-facility related costs such as salaries, computing/software, environmental costs, research and development. Activities related to gas development include drilling, fracking, well testing, well reservoir management Capital Expenditure and engineering project expenditures. Minimal Capital Expenditure is required to operate existing wells and facilities other than to ensure integrity, and health, safety, sustainability and environment costs. The Capital Expenditure amounts in this Base

Offering Circular are set out on a 2P and 2C basis. 2C is defined as the best estimate of contingent resources by the Petroleum Resources Management System.

Historically, the Group has funded its base Capital Expenditure through debt financing up to the limits set out in its capital structure. The remainder is funded using revenues from Oil and gas. Any incremental Capital Expenditure is funded through additional debt financing. Following the Gas Operations Transfer Date, the Group uses the same model for funding Oil Capital Expenditure, and EDO Gas similarly funds NAG Capital Expenditure using revenues from the Gas Operations, with the remainder funded using revenues from a sukuk programme.

Historical Capital Expenditure

The Group's Capital Expenditure amounted to US$3,819 million for the year ended 31 December 2023 and US$3,455 million and US$3,233 million for the years ended 31 December 2022 and 2021, respectively. The Group's Oil Capital Expenditure amounted to US$2,721 million for the year ended 31 December 2023 and US$2,483 million and US$2,265 million for the years ended 31 December 2022 and 2021, respectively. During these periods, Oil Capital Expenditure primarily reflected the acquisition of property, plant and equipment. The Group's gas Capital Expenditure amounted to US$1,098 million for the year ended 31 December 2023 and US$973 million and US$968 million for the years ended 31 December 2022 and 2021, respectively. During these periods, gas Capital Expenditure primarily comprised the acquisition of property, plant and equipment.

Capital Commitments

The Group's future Capital Expenditure authorised by the board of directors of PDO (the "**PDO Board**") and Gas Operations amounted to US$19,769 million for the year ended 31 December 2023 as compared to US$21,156 million and US$18,351 million for the years ended 31 December 2022 and 2021 respectively.

Capital Resources

The Group has the following material borrowings:

Shareholder Bridge Facility

On 17 April 2022, EDO and the Government entered into the Shareholder Bridge Facility. All amounts borrowed under the Shareholder Bridge Facility must be used to fund the Group's share of Block 6 capital costs, as defined in the Group's funding policy, incurred from 1 January 2022 (inclusive). See "*—Liquidity and Capital Resources*" above for a discussion of the Group's funding policy. Any amounts drawn under the Shareholder Bridge Facility may be repaid via transfer of funds or through an offset agreed by the parties against funds payable to the Government by the Group. Interest on each loan under the Shareholder Bridge Facility accrues at a rate of 5 per cent. per annum from the relevant utilisation date. The outstanding amount (plus accrued interest) under the Shareholder Bridge Facility may be repaid at any time upon notice to the Government. Unless agreed otherwise between the parties, the equivalent outstanding amount (plus accrued interest) must be repaid within five days of receipt of funds from any issuance under this Programme or from any other indebtedness by the Group. As of 31 December 2023, US$3.3 billion was outstanding under the Shareholder Bridge Facility.

US$2.5 Billion Facility

On 11 August 2021, EDO entered into a US$2.5 billion term loan credit facility agreement arranged by a panel of international banks (as amended, the "**US$2.5 Billion Facility**"). On 26 March 2023, the US$2.5 Billion Facility was amended to re-price and re-state the interest rate in line with the SOFR as the fallback rate upon the discontinuation of London Inter-Bank Offered Rate ("**LIBOR**"). On 22 August 2023, the US$2.5 Billion Facility was further amended to introduce EDO Gas as a party and to accommodate both the transfer of the Gas Operations to EDO Gas as well as the Programme, effective from 31 August 2023.

The Group uses the proceeds from the US$2.5 Billion Facility to pay or reimburse Capital Expenditure relating to its participating interests in Block 6 from 24 February 2021 and for general corporate purposes.

The Group will repay 65 per cent. of the principal amount outstanding under the US$2.5 Billion Facility in quarterly instalments beginning on 11 November 2023 and ending on 11 August 2028. The facility will mature on 11 August 2028, at which time the Group must repay the remaining 35 per cent. of the principal. In November 2023, the Group begun to make the scheduled quarterly instalments of the US$2.5 Billion Facility. As of the date of this Base Offering Circular, the Group has made two quarterly payments amounting to US$171 million. As of the date of this Base Offering Circular, the US$2.5 Billion Facility was fully drawn.

The interest rate on the outstanding amount under the US$2.5 Billion Facility is a one-month or three-month US dollar SOFR (LIBOR during 2021) plus a margin of 2.05 per cent. per year, payable on a quarterly basis. The interest period can be either one month, three months or any other period agreed by the borrower and majority lenders.

For a summary of events of default and covenants under the US$2.5 Billion Facility, please see "*—Covenants and Undertakings under the Loans*" below.

OMR 375,000,000 Term Loan Facility

On 8 January 2023, EDO entered into an OMR 375,000,000 (approximately US$975 million) Term Loan Facility Agreement (the "**Term Loan**") with, amongst others, Bank Muscat, National Bank of Oman SAOG, Sohar International Bank SAOG, Oman Arab Bank SAOG, Bank Dhofar SAOG, Ahli Bank SAOG and Standard Chartered Bank, Oman branch. On 21 August 2023, the Term Loan was amended to introduce EDO Gas as a party and to accommodate both the transfer of the Gas Operations to EDO Gas as well as the Programme, effective from 27 August 2023. As of the date of this Base Offering Circular, the Term Loan was fully drawn.

The Group used the proceeds from the Term Loan to repay the Shareholder Bridge Facility.

The Group will repay the Term Loan and any other outstanding amounts in July 2026, subject to the Group's right to prepay any loan amounts after giving notice to the bank. The Group will pay accrued interest, which is fixed at 4.4 per cent. per annum, on a quarterly basis until the final maturity date.

For a summary of events of default and covenants under the Term Loan, please see "*—Covenants and Undertakings under the Loans*" below.

OMR 150,000,000 Revolving Credit Facility

On 12 February 2023, EDO entered into an OMR 150,000,000 (approximately US$389 million) revolving credit facility agreement with Bank Muscat (the "**Revolving Credit Facility**"). On 11 September 2023, the Revolving Credit Facility was amended to add EDO Gas as a guarantor.

The Revolving Credit Facility will mature in August 2026. Repayment and interest periods for each utilisation under the Revolving Credit Facility may vary from one to six months based on agreement with the bank and subject to the termination date in August 2026. Interest for the relevant period is payable on the facility at a fixed rate with reference to the Weighted Average Interest Rates on Deposits ("**WAIRD**") of the Central Bank of Oman plus a margin of 0.14 per cent., and provided that the aggregate rate of interest calculated under this Clause shall not exceed the agreed maximum rate per annum. As of the date of this Base Offering Circular, the Group had not utilised the Revolving Credit Facility. The Group will use the proceeds from the Revolving Credit Facility to repay the Shareholder Bridge Facility, as well as to pay or reimburse Capital Expenditure relating to its participating interests in Block 6 and for general corporate purposes.

For a summary of events of default and covenants under the Revolving Credit Facility, please see "*—Covenants and Undertakings under the Loans*" below.

Covenants and Undertakings under the Loans

EDO has made certain undertakings under the US$2.5 Billion Facility and the Term Loan, and EDO has made certain undertakings in relation to the Revolving Credit Facility, respectively, (the Revolving Credit Facility, together with the US$2.5 Billion Facility and the Term Loan, the "**Loans**"), including, but not limited to:

Financial Covenants

EDO has covenanted that it will ensure that for each 12-month period ending on or about (i) the last day of EDO's financial year or (ii) the last day of the first half of EDO's financial year:

- the ratio of its tangible net worth to net debt is not at the end of the period less than 0.40:1; and
- the ratio of its funds from operations in respect of the period to net debt at the end of the period is not less than 0.45:1.

Disposals

The Loans restrict the Group's ability to dispose of the Block 6 Operations where the net book value of the disposal exceeds 20 per cent. of the Group's consolidated assets. Various carve-outs apply, including where the proceeds of the disposal are used to repay the loan.

Events of Default

The Loans include various customary events of default as well as an event of default for a breach by the Group (as applicable) under, or the termination of the Block 6 concession (subject to a grace period for a breach which is capable of remedy).

Financial Indebtedness

The Loans include a financial indebtedness covenant which, among other things, restricts the Group and its subsidiaries from incurring financial indebtedness exceeding 25 per cent. of the aggregate financial indebtedness of the Group (meaning the Group and its subsidiaries) at the relevant time. Subject to certain conditions, the financial indebtedness covenant does not apply to: (i) indebtedness in place at the time of the agreement; (ii) indebtedness incurred to finance the ownership, acquisition, construction, development and/or operation of assets; (iii) indebtedness subordinated to the Loans; or (iv) unsecured indebtedness for which the Group is the sole obligor and borrower which is not subject to default.

Reorganisation

The Loans restrict the Group from participating in mergers or certain other corporate restructurings without prior consent.

Equity

The Group's equity was US$11,049 million as of 31 December 2023. See the statement of changes in equity presented in the Audited 2023 Financial Statements for more information about the Group's equity.

Off-Balance Sheet Arrangements

As of 31 December 2023, the Group had no off-balance sheet arrangements.

Contractual Commitments

The table below sets out the Group's recognised and unrecognised contractual commitments as at 31 December 2023.

	As at 31 December 2023
	(US$'000)
Finance lease liabilities	862,583
Capital Expenditure obligations	19,769,000
Abandonment provisions	3,176,514
Total	**23,808,097**

Transactions with Related Parties

Prior to the establishment of EDO, the Government directly owned and controlled its participating interests in the Block 6 Operations. Following the establishment of EDO, the Government ultimately owns and controls the Group. During the periods covered by the Audited Financial Statements, the Group entered, and continues to enter, into transactions with other Government-related entities, including, but not limited to, the sale and purchase of goods, rendering and receiving services and the use of public utilities. These transactions have been and are conducted in the ordinary course of operations on terms comparable to those with other entities that are not related to the Government.

The transactions include:

- sales and purchases of goods;
- rendering and receiving services;
- use of public utilities;
- revenue from Oil, NAG and condensate (AG and NAG) interests;
- other operating income received from a related Government entity for a lower grade of Oil;
- interest income from the NAG Financing Receivable;
- the transportation of NAG by OQGN;
- royalties;
- distribution of assets in specie;
- the purchase of residue reinjected by a related Government entity;
- advances and supply of Oil barrels related to the Pre-Export Financing;
- a credit facility between PDO and the PDO pension fund under which PDO has utilised loan proceeds in the development of a project in Ras Al Hamra; and
- ordinary course transactions with key management personnel, including compensation and benefits.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not government related.

The Group has elected to take the exemption under IAS 24 "Related Party Disclosures" to disclose only the key transactions and outstanding balances, including commitments with the Government and any other entity that is considered to be a related party because the Government has control, joint control or significant

influence over it. For more information on these transactions and outstanding balances, see Note 21 to the Audited 2023 Financial Statements and Note 21 to the Audited 2022 Financial Statements.

Quantitative and Qualitative Disclosure About Market Risk

Overview

The Group operates internationally but has limited exposure to financial risks. The financial risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risk (including commodity price risk, interest rate risk and foreign currency risk) and credit risk.

Market Risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk.

Commodity Risk

Commodity price risk is the risk that future income and cash flows will fluctuate because of changes in commodity prices.

Based on the assumption that the Oil price moves +/- 20 per cent., this would result in a change of US$16 per barrel of Oil for the year ended 31 December 2023 (31 December 2022: US$19 per barrel of Oil), with a consequent increase in profit before tax of US$343 million in case of a 20 per cent. increase in Oil price (31 December 2022: US$900 million) and a decrease in profit before tax of US$850 million in case of a 20 per cent. decrease in Oil price 2023 (31 December 2022: US$890 million) for the year ended 31 December, respectively, where all other variables are held constant.

There is no commodity price risk associated with NAG production, because the Group has entered into an agreement with the Government to sell its entire NAG production to the Government at an agreed fixed price.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments is considered to be significant for the Group as the US$2.5 Billion Facility is an interest-bearing instrument.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to the management and represents the management's assessment of the reasonably possible change in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax for the six months ended 30 June 2023 and 2022, respectively (through the impact on floating rate borrowings rates). There is no direct impact on the Group's equity**.**

	Increase/decrease in basis points	
	+50	**-50**
	(US$ '000)	
31 December 2023 – effect on profit before tax	(12,072)	12,072
31 December 2022 – effect on profit before tax	(12,500)	12,500

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. Currency risk in respect of the Group is mitigated significantly by a policy of awarding contracts and purchase orders mainly in US dollars or Omani Rials. The Omani Rial is effectively pegged to the US dollar. Only in exceptional cases, on the basis of a commercial evaluation, are contracts or purchase orders awarded denominated in other currencies and therefore currency risk is not considered to have a significant impact on the Group.

Credit Risk

Credit risk is the risk that counterparties might not fulfil their contractual payment obligations towards an entity. The Group is exposed to credit risk in respect of its receivables and prepayments, housing loans due from related parties and bank balances. Credit risk is controlled as balances are regularly reviewed and, where necessary, an appropriate recovery action is taken.

The ECL model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. Such credit losses have historically been nominal and the loss allowance for housing loans, receivables and prepayments, and due from related parties are presented in Notes 13, 16 and 19, respectively, to the Audited 2023 Financial Statements and to the Audited 2022 Financial Statements. Other financial assets consist of cash in hand and cash at bank. See Note 12 to the Audited 2023 Financial Statements and Note 12 to the Audited 2022 Financial Statements.

The ECL for the year ended 31 December 2023 was US$17 million in comparison to US$18 million for the year ended 31 December 2022, which represents 0.96 per cent. (0.73 per cent. in 2022) of all receivables and prepayments and related parties on account of Oil and NAG sales. The decrease in ECL for the year ended 31 December 2023 is mainly due to changes in the macroeconomic environment.

Critical Accounting Policies and Estimates

Material Accounting Policy Information

From 1 January 2023, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Audited 2023 Financial Statements. The amendments require the disclosure of material rather than significant accounting policies. The material accounting policies adopted in the Audited 2023 Financial Statements are summarised in Note 3 to the Audited 2023 Financial Statements.

The significant accounting policies adopted in the Audited 2022 Financial Statements are summarised in Note 3 to the Audited 2022 Financial Statements.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Audited 2023 Financial Statements and Audited 2022 Financial Statements required management to make judgements, estimates and assumptions that affect the reported amounts of revenues,

expenses, assets and liabilities, and the accompanying disclosures, at the end of the reporting period. These estimates and judgements are subject to change based on experience and new information. The financial statement areas that required significant judgements, estimates and assumptions in the preparation of the Audited 2023 Financial Statements are summarised in Note 2 to the Audited 2023 Financial Statements. The financial statement areas that required significant judgements, estimates and assumptions in the preparation of the Audited 2022 Financial Statements are summarised in Note 2 to the Audited 2022 Financial Statements.

OVERVIEW OF OMAN AND THE ECONOMY

Location

Oman is the second largest country by geographical area in the GCC region, after the Kingdom of Saudi Arabia ("**KSA**"), with a total land surface area of 309,500 square kilometres. Oman occupies the south-eastern coast of the Arabian Peninsula where the Arabian Sea, with its outlet to the Indian Ocean, meets the Persian Gulf at the Gulf of Oman. Oman's neighbours include Yemen and fellow GCC members the KSA and the UAE.

Oman is comprised of 11 Governorates, which are subdivided into 61 provinces or *wilayats*. Muscat is the capital of Oman, as well as its largest city. Muscat is also Oman's leading port and commercial centre. Oman's other significant cities include Salalah, Sohar, Sur, Nizwa and Khasab and its offshore territories include Maṣirah Island and Al-Ḥallaniyyah Island. Oman also has an exclave, Ru'us al-Jibal, which is bordered by the UAE to the south and the Straits of Hormuz to the north, and provides Oman with direct access to the Persian Gulf.

Approximately 82 per cent. of Oman is desert or semi-desert, and average rainfall for 2022, 2021 and 2020 was 30.6 millimetres *per annum*, 105.8 millimetres *per annum* and 103 millimetres *per annum*, respectively. By contrast, the northern coast of Oman and parts of the south are capable of supporting agriculture. There are no permanent bodies of fresh water in Oman. Water for drinking, industrial and other purposes is mainly obtained from underground freshwater deposits and, in line with the Government's policy of reducing reliance on ground-water drinking water supply, increasingly, from desalinisation plants.

Population

As of March 2023, the total population of Oman was estimated by the National Centre for Statistics and Information to be approximately 5 million, of which 2.88 million were Omani nationals and 2.12 million were expatriates. Arabic is Oman's national and official language, but the use of English is widespread, especially in business transactions.

The total labour force in Oman was estimated by the National Centre for Statistics and Information to be approximately 2.2 million in 2021, of which approximately 1.47 million workers were employed in the private sector. Of those employed in the private sector, approximately 23.1 per cent. were Omani nationals and 76.9 per cent. were expatriates.

According to figures published by the World Bank, as of 31 December 2022, approximately 27 per cent. of the population in Oman was under 15 years old and 3 per cent. was 65 years and older. By comparison, the World Bank reports that approximately 17.3 per cent. of the population of Organisation for Economic Co-operation and Development ("**OECD**") nations was under 15 years old and approximately 18 per cent. was 65 years and older at the end of 2022.

Government Organisation

Overview

Oman is an absolute monarchy. His Majesty Sultan Haitham bin Tarik is the Head of the Government and the Chief of State. The Sultan has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's *Official Gazette*.

On 11 January 2021, His Majesty Sultan Haitham bin Tarik issued Royal Decree № 6/2021 repealing Royal Decrees 101/96 and 99/2011 and promulgating the new Basic Statute of the State (the "**Basic Statute**"). The Basic Statute serves as the constitution of Oman and sets forth its system of governance, as well as

establishing certain basic rights of Omani citizens. In addition, the Basic Statute provides that all natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Statute also provides for a Prime Minister, although this position and the positions of Minister of Defence and Chief of the Armed Forces are currently held by His Majesty Sultan Haitham bin Tarik. His Majesty Sultan Haitham bin Tarik also initially held the positions of Ministers of Finance and Foreign Affairs, as well as Chairman of the Board of Governors of the Central Bank, however, these powers have been devolved by virtue of the Royal Decrees № 111/2020 and No. 112/2020 on 18 August 2020.

Organisational Structure of the Government

The creation of a modern state with established institutions has been one of the cornerstones of the country's development efforts over the past 48 years. The Basic Statute sets out the principles on which the State and the system of government are founded. The State's organisational structure comprises of His Majesty Sultan Haitham bin Tarik and a series of specialised councils, institutions and authorities.

The process of policy formulation and decision making has evolved since His Majesty Sultan Qaboos came into power in 1970, and the Government continues to implement His Majesty Sultan Qaboos' vision of democratic action, in which Oman citizens play a role in national decisions.

In August 2020, His Majesty Sultan Haitham bin Tarik issued 28 Royal Decrees, delegating various powers for the first time. In a move towards a more institutional model of government, His Majesty has devolved the roles of foreign minister, finance minister, and chairman of the Central Bank, appointing other officials to these positions. His Majesty has also consolidated the Government, reducing 26 ministries to 19. Amongst these changes, and pursuant to Royal Decrees, several ministerial councils and authorities, including the Supreme Council for Planning, *Ithraa* (Public Authority for Investment Promotion and Exports), the Public Authority for Mining and the Financial Affairs and Energy Resources Council were abolished.

The Economy of Oman

When His Majesty Sultan Qaboos bin Said al Said acceded to the throne in 1970, he began a series of processes that transformed Oman from an undeveloped state into a modern nation, which is now classified by the World Bank as a high-income country. According to the World Bank, Oman's real GDP *per capita* on a purchasing power parity ("**PPP**") basis keeping the international dollar rate on a constant was US$35,337 in 2022, and GDP *per capita* on a current basis was US$25,057 in 2022.

Oman has a credit rating of "BB+" with a stable outlook from Fitch, "Ba1" with a stable outlook from Moody's Investors Service and "BB+" with a stable outlook from Standard & Poor's.

The principal activity of the Omani economy is the production and export of Oil and natural gas, contributing 34.5 per cent. and 32.7 per cent. of real GDP in the years ended 31 December 2022 and 2021, respectively. As of the date of this Base Offering Circular, Oman GDP information for 2023 is not available. Accordingly, the performance of the Oil and gas industry directly affects industries that are tangential to or reliant upon it. The Oil and gas industry also has a number of indirect effects on the economy as a whole, and, in low energy price environments, in particular, can lead to reductions in consumer purchasing power and mobility. Oil and gas activities are the principal source of Government revenues (accounting for approximately 73.6 per cent. of total Government revenues in 2021) and, therefore, further indirectly affect the performance of the non-Oil sectors of the economy through the effect on Government expenditure. As a result, fluctuations in the production and price of Oil are the major factors affecting Oman's economic performance. The economy's vulnerability to Oil price movements and the finite nature of Oil reserves have led the Government to exploit significant gas reserves, to promote investment in the non-Oil and gas sectors of the economy and to implement policies and procedures to manage and replenish its financial reserves.

Vision 2040

The Vision 2040 plan is expected to continue the diversification of the Omani economy away from hydrocarbons, pursuing infrastructure and other developments to further transform the Sultanate. Various committees have been formed, such as a technical committee and three sectoral committees: (i) the People and Society Committee; (ii) the Economy and Development Committee; and (iii) the Governance and Institutional Performance Committee. A National Priorities and Strategies Alignment Committee, Organization and Follow up Committee, and the National Conference Preparation Team were also formed. Members of these committees comprise various stakeholders, representing all areas of Omani society. In September 2020, Royal Decree No. 100/2020 was issued, which provides for the establishment of the Oman Vision 2040 Implementation Follow-Up Unit, consolidating the Implementation Support and Follow-Up Unit and the Directorate General for Following-Up Government Services in the Secretariat General of the Council of Ministers.

Oman Vision 2040 is a roadmap addressing existing challenges, evolving to meet regional and global trends, seizing opportunities to foster economic competitiveness and social well-being. This is done with a particular focus on stimulating growth and balancing economic, social, and development objectives nationwide. The main objectives of Vision 2040 are for Oman to become a developed country, to diversify the economy and public finances, to ensure financial sustainability and to foster a knowledge- and innovation-based economy.

While all of the national priorities are of critical, and equal, importance for Oman's development, five priorities have particularly shaped the Sultanate's medium-term fiscal strategy. These include:

Economic Diversification and Fiscal Sustainability

The Vision seeks to continue the journey of building a diversified economy with fiscal sustainability. To advance this objective, the Vision lays out three fiscal targets as follows:

- reduce public expenditures as a percentage of GDP to 34 per cent. by 2030 and 25 per cent. by 2040;
- increase non-Oil revenues as a percentage of GDP to 15 per cent. by 2030 and 18 per cent. by 2040; and
- target a long-term average gross debt to GDP ratio that should not exceed 60 per cent.

The Private Sector and the Global Investment Value-Chain

Re-emphasising the role of the private sector in the national economy, this priority aims to foster a business environment where the private sector leads Oman's development. Fiscal policy is shaped by the objectives that aim to:

- shift government from being a service provider to a regulator;
- encourage flexible financing models for strategic projects that allow the private sector to take a greater role in the development of infrastructure; and
- integrate Oman into global value-chains.

Social Protection and Well-Being

Vision 2040 states that social justice is a prerequisite for a cohesive, strong, and peaceful society. As such, fiscal reforms must be balanced with the need to provide sustainable, high quality social well-being services and the need to provide a social safety net that supports vulnerable populations. Additionally, the Vision requires that intergenerational equity considerations be taken into account to ensure the next generations of Omanis are able to benefit from the country's assets in a sustainable manner.

In April 2021, His Majesty Sultan Haitham bin Tarik, in line with the priorities of Vision 2040, endorsed a set of social protection initiatives, which aim to mitigate the implications arising from the COVID-19 pandemic and alleviate the immediate effects of measures taken to enhance the efficiency of public finances.

Governance of the State's Administrative Bodies, Resources, and Projects

The Government aims to have a highly productive, flexible, and effective administrative apparatus with policymaking that is well planned, organised, monitored, and evaluated regularly. Achieving this requires a government that is well structured in a manner that promotes accountability and transparency and is focused on delivering high quality services through more efficient use of government resources. The decision to restructure the Government in August 2020 is the first step towards these goals.

Medium-Term Fiscal Plan

Oman's fiscal strategy is being prioritised to help implement, and ensure a strong foundation for, Vision 2040. To this end, a five-year Medium-Term Fiscal Plan ("**MTFP**") (2020 to 2024) was developed by Tawazun, in collaboration with the Ministry of Finance and following extensive consultations with other ministries and authorities, to stabilise public finances and reduce the primary and overall fiscal deficits as a percentage of GDP in the medium term, with a target of achieving a primary fiscal balance. The MTFP was developed in response to fiscal challenges and the uncertainty in the Oil price.

The MTFP represents a shift in the Government's approach to fiscal policy-making to ensure broad support for the Sultanate's fiscal objectives. The MTFP serves as the financial framework supporting Vision 2040.

The MTFP is intended to complement the State Budget and the Tenth Five-Year Plan. The MTFP is a "living document", which is expected to evolve during the course of the plan and will be updated to reflect market conditions, whilst maintaining fiscal sustainability and reducing the debt burden in the medium term as the key priorities. The MTFP has developed a holistic framework based on the following pillars:

- ***Supporting economic growth***: The MTFP seeks to improve the pace of economic growth through improving the business environment, restructuring the labour market and stimulating the economy through domestic and foreign direct investment.
- ***Diversifying and enhancing sources of Government revenues***: The MTFP aims to increase non-Oil revenues as a share of GDP, to protect against Oil price volatility and utilise local resources more efficiently. Initiatives related to increasing non-Oil revenues are expected to have an impact of over OMR 1.8 billion.
- ***Rationalising Government expenditures and driving efficiency***: Current, or operational, expenditures by civil, security and defence agencies represents the majority of Government expenditures. During 2020, the Government adopted a policy position to reduce the operational and development expenditures of Government agencies by 10 per cent. from the 2020 State Budget. The Government committed to further efficiencies in 2021 by reducing recurring spending compared to 2020.
- ***Enhancing the Social Safety Net***: The MTFP recognises that redesigning subsidies and the social safety net are critical components to allow the country to move away from universal support to targeted support for vulnerable families. The MTFP reform package aims to ensure social protection for vulnerable populations and promote intergenerational fairness.
- ***Strengthening financial management***: Fiscal reforms will be accompanied by meaningful public finance management reforms and enhanced capacity building to improve efficiency of administration.

The above pillars include a number of measures designed to achieve fiscal sustainability over the medium-term and targets the gradual reduction of the budget deficit to 1.7 per cent. of GDP by 2024, although this target was set before the establishment of the Group.

The MTFP reform package includes specific policy reforms that have been developed in consultation with stakeholders across the public and private sectors. These initiatives are grouped into five categories, according to the fiscal objective they help to advance.

- ***Economic growth***: The initiative to promote economic growth is central to the Sultanate's efforts to achieve fiscal balance. Examples of reforms for this pillar include:
    - *Initiatives to improve the business environment*—Initiatives to support economic growth in this area include: (i) the introduction of electronic procedures for registering companies and issuing licences; (ii) liberalising the domestic real estate market by reducing fees, permitting rent-to-own and similar sales and permitting foreigners to own certain residential units; and (iii) reviewing Government fees.
    - *Labour Market Procedures*—The Ministry of Labour is reviewing the "Omanisation" polices and rates it has imposed on various sectors by making "Omanisation" targets more flexible.
    - *Stimulate Domestic and Foreign Investment*—A set of laws issued in June 2019, including those relating to foreign capital investment, privatisation, public private partnerships and bankruptcy were introduced and further measures, including regulations implementing these new laws, are expected.
- ***Revenue diversification***: The Government recognises the need to strengthen the Sultanate's revenue-raising framework by decreasing its reliance on hydrocarbon revenues, which it aims to do through the following initiatives: (i) enhancing the returns from government investments, including through the reform of state-owned enterprises, and establishing dividend targets whilst gradually reducing subsidies, including phasing out water and electricity subsidies from 2021 to 2025; (ii) strengthening tax administration and collection efficiency through enhanced compliance procedures, penalties, fines and enforcement; (iii) introducing value-added tax ("**VAT**") in line with other GCC member states at a base rate of 5 per cent. (with certain exemptions for essentials in the social context of the Sultanate), which was fulfilled in April 2021; and (iv) reviewing a personal income tax regime (the scope of work for implementation of this tax is being developed and a specialist consultant has been appointed).
- ***Expenditure rationalisation and efficiency***: Initiatives to support expenditure rationalisation and efficiency include: (i) rationalising development expenditures by reviewing and optimising existing commitments, including civil investments, and future proposals, strengthening governance and oversight of Capital Expenditure, implementing strategic procurement management and shifting Oil and gas off-budget; (ii) reviewing current expenditures and financial controls; (iii) introducing performance management in the public sector; (iv) reforming public services subsidies to reallocate them to vulnerable people; and (v) enhancing sourcing, controls, expertise and standardised pricing for defence and security expenditures. The Government established the Oman Investment Authority to further this objective, which has enhanced efficiency in the management of state-owned enterprises and assets by eliminating duplication in legacy agencies, creating economies of scale and improving governance.
- ***Social equity***: Redesigning subsidies and the social safety net are critical components to allow Oman to move away from universal support to targeted support for vulnerable families. A particular focus has been placed on ensuring that short-term support mechanisms are developed to offset water and electricity subsidy reforms while also developing a longer-term strategy to holistically rationalise and strengthen the entire social safety net system.
- ***Public financial management and governance***: The Sultanate's fiscal strategy, in line with Vision 2040, aims to increase the efficiency of the state administrative apparatus and foster a business

environment that supports private sector growth. Tawazun is working closely with the Ministry of Finance to implement and monitor several initiatives in this area, including the following: (i) developing a Government Financial Management Information System; (ii) building capacity at the debt management office and macro fiscal unit; (iii) implementing a treasury single account programme; (iv) implementing a national asset register; and (v) enhancing the management of endowments.

While broad-ranging and varied in nature, these initiatives are united by a common goal of fostering an environment that enables the private sector to become the main driving force behind Oman's economic development. Some of these initiatives have already been implemented. Others are scheduled for 2024. In its January 2024 paper on Oman selected issues, the International Monetary Fund (the "**IMF**") noted that the Government is developing an early warning system to mitigate macroeconomic risks through monitoring of Oil prices, GDP, inflation and borrowing costs. The Government, based on IMF technical assistance, is also working to adopt a full-fledged and legally binding Medium-Term Fiscal Framework with quantifiable targets from which near- and medium-term aggregate expenditure ceilings can be estimated. These in turn are expected to anchor the budget preparation process to instil fiscal discipline despite fluctuations in Oil prices.

Gross Domestic Product

In 2022, Oman's real GDP grew at an annual rate of 4.3 per cent. The increase was due to elevated Oil prices, increased Oil and gas production and improved non-Oil growth. Accordingly, Oman's nominal GDP increased by 30 per cent. to OMR 44,089 million in 2023, compared to OMR 33,909 million in 2021. The Ministry of Finance expects that real GDP will have increased by 5.5 per cent. in 2023. As of the date of this Base Offering Circular, Oman's 2023 GDP data is not available.

INDUSTRY OVERVIEW

Oil and Gas in Oman

The first commercial discoveries of Oil and gas in Oman were made in 1956 in the Fahud region of northern Oman. Since then, Oil production has been the cornerstone of the Omani economy, providing both the principal source of Government revenues and foreign exchange receipts, as well as the stimulus for extensive economic and industrial growth.

Oman's competitive advantages in the Oil and gas sector include a stable operating environment and a collaborative government that offers Exploration and Production Sharing Agreements ("**EPSAs**") with commercial terms negotiated through an open auction process. As a result of these factors, the Ministry of Energy and Minerals has been successful in attracting a number of international companies to explore and develop its Oil and gas resources. The principal companies operating in the Oil and gas sector in Oman include, but are not limited to:

- **State owned companies**: EDO or OQ Société Anonyme Omanaise Close ("**OQ SAOC**") are partners in most upstream and downstream Oil and gas projects in Oman.
- **Majors (amongst others):** Shell and TotalEnergies operate in Blocks 6, 10 and 12, and in liquid natural gas, BP P.L.C. ("**BP**") operates in Blocks 61 and 77, and Eni S.p.A. ("**Eni**") operates in Blocks 52 and 77.
- **Other international Oil companies:** Occidental Petroleum Corporation ("**Occidental**") operates Blocks 9, 27, 51, 53, 62, 65 and 72, and is the largest producer outside Block 6. EOG Resources operates Block 36, which it acquired in 2020.
- **Foreign national Oil companies:** Key foreign national Oil companies in Oman include, amongst others, CNPC, Qatar Petroleum, Indian Oil, Petronas and PTT and Mubadala Petroleum.
- **Other small independents:** Small independent firms, including CC Energy Development, Tethys Oil, ARA Petroleum, Maha Energy, Daleel Petroleum, Petroteland and Masirah Oil, hold significant exploration acreage and a number of producing assets.

PDO operates the majority of the producing acreage positions in Oman, accounting for approximately 53 per cent. of Oman's combined Oil, NAG and condensate (AG and NAG) production on a working interest basis in 2022.

The Oil and gas industry is a significant contributor to Oman's GDP and in 2020 contributed to more than half of total consolidated Government revenues. The following table sets out the Oil and gas industry's contribution to GDP and exports for the periods indicated.

	2022	2021	2020
		(%)	
Contribution to nominal GDP	30	30	26
Contribution to exports (including re exports).....	65	59	60

Oman is the largest non-OPEC Oil producer in the Middle East with Oil and condensate (AG and NAG) output of approximately 1,064.24 million barrels per day for the year ended 31 December 2022 and approximately 0.971 million barrels per day for 2021 (*Source: Ministry of Energy and Minerals*).

Although it is not a member of OPEC, Oman has historically joined OPEC-led international efforts to stabilise the Oil market's supply and demand equilibrium in response to sharp declines in global Oil prices. For example, in 2016 Oman joined a coalition to stabilise global Oil prices led by OPEC member countries and signed the Declaration of Cooperation. Starting in January 2017, Oman began to reduce Oil production by 5 per cent. (or approximately 45,000 barrels), in accordance with the Declaration of Cooperation. In November 2017, Oman agreed to extend production cuts until the end of 2018, and, although the coalition agreed to raise production levels in June 2018, in December 2018 it again agreed to reduce production levels (to 970 thousand barrels per day in the case of Oman). In July 2019, OPEC agreed to extend the reduction in production levels. Following a further substantial drop in global Oil prices in March 2020, Oman, as a part of the 23 members of the OPEC+ alliance, agreed to further reduce production. In December 2020, OPEC+ agreed to relax output curbs by 0.5 million barrels per day from 1 January 2021 to 7.2 million barrels per day and to meet monthly to re-assess the market. Subsequently, in July 2021, OPEC+ agreed to adjust overall production by 400,000 barrel per day on a monthly basis starting in August 2021 and to reassess market developments and producing countries' performance in December 2021. On 2 December 2021, OPEC+ confirmed these plans to continue to increase production by 400,000 barrels per day on a monthly basis for January 2022, with the caveat that it would make "immediate adjustments" to production policy should market conditions shift.

In August 2022, OPEC+ agreed to increase the production of Oil by 100,000 barrels per day for the month of September 2022 (to 883 thousand barrels per day in the case of Oman). However, in its August 2022 Monthly Oil Market Report, OPEC predicted that there may be an Oil market surplus for the rest of the year, which may lead to production cuts and a corresponding increase in prices. In September 2022, OPEC+ agreed to revert to the production level of August 2022 for OPEC and non-OPEC participating countries for the month of October 2022. The organisation further stated that the upward adjustment of 0.1 million barrels per day to the production level (and the corresponding increase to 881 thousand barrels per day for Oman) was only intended for the month of September 2022.

In October 2022, OPEC+ agreed to: (i) extend the duration of the Declaration of Cooperation until 31 December 2023; and (ii) adjust overall production downward by 2 million barrels per day from the August 2022 required production levels, starting in November 2022 for OPEC and non-OPEC participating countries. Following the cuts, production will be approximately 841 thousand barrels per day in the case of Oman, a production decrease of approximately 40 thousand barrels per day. In April 2023, OPEC+ announced further voluntary cuts to production of approximately 1.15 million barrels per day, of which Oman will reduce production by approximately 40,000 barrels per day. On 4 June 2023, the Saudi Arabian government announced a voluntary cut of an additional one million barrels per day as part of its commitment to maintaining Oil prices at current levels. These voluntary cuts were subsequently extended through 31 December 2023. Following Saudi Arabia's extension of its production cuts in September 2023, Brent Oil prices increased to over US$90 a barrel before decreasing in the fourth quarter. Following Angola's announcement in December 2023 that it was leaving OPEC, Brent Oil prices decreased to US$77.86. In March 2024, several OPEC+ countries, including Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Kazakhstan and Algeria, extended additional voluntary cuts of 2.2 million barrels per day through the end of 2024 as a means to support the stability of Oil markets. In parallel, Russia announced a voluntary cut of 471,000 barrels per day for the same period. Following the announcement, Brent Oil prices increased to US$86.58 per barrel.

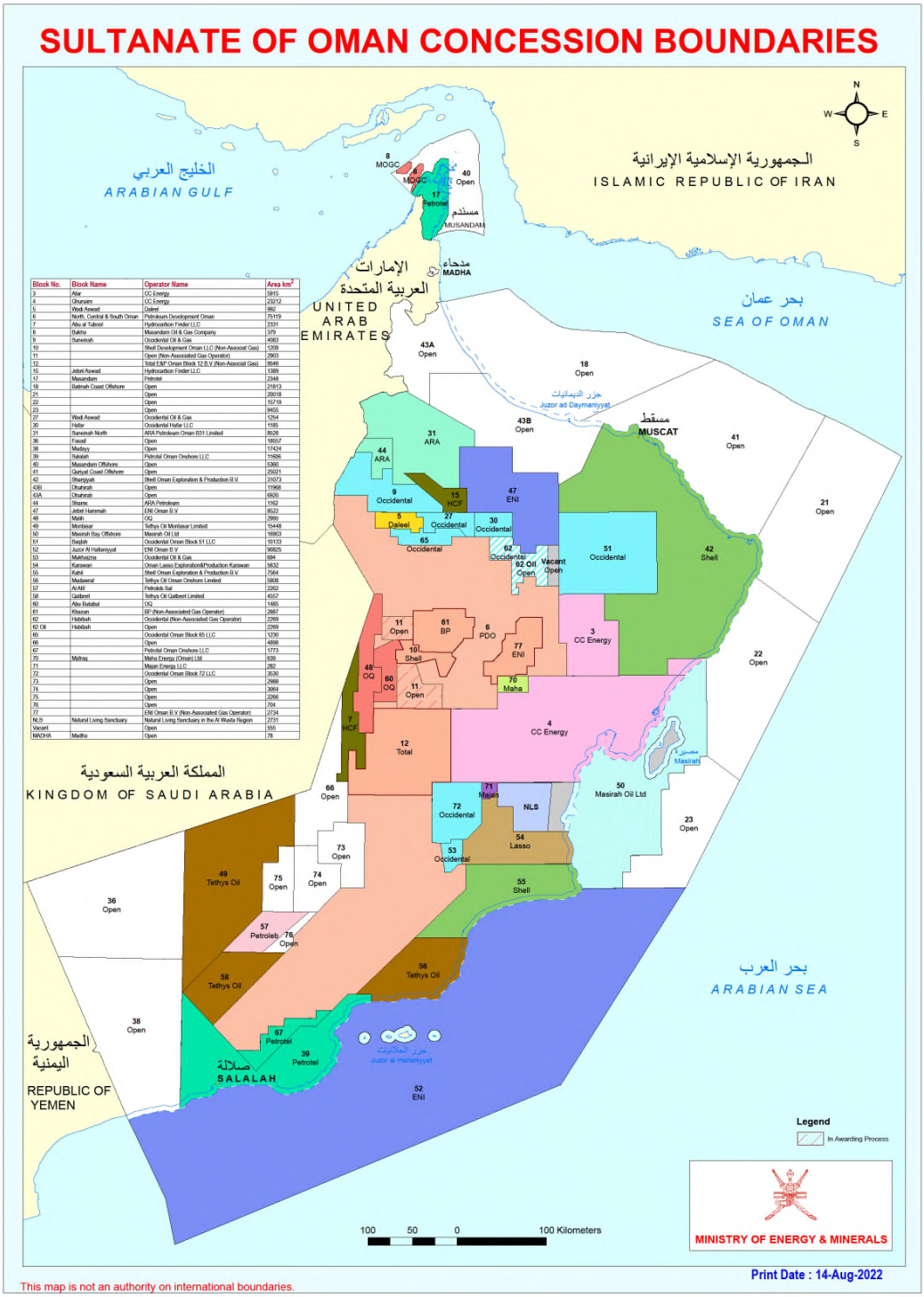
Oman is currently implementing a variety of strategic growth projects in its Oil and gas sector, which are worth in aggregate approximately US$26 billion, with the aim of further developing Oman's Oil and gas resources.

Oil and Gas Operations

The Government holds most of its Oil reserves through the Group, which holds a 60 per cent. participating interest in the Block 6 concession for Oil and AG and in PDO. The remaining 40 per cent. interest is owned by POHOL. The concession holders have contracted the operations of Block 6 to PDO. Prior to the Gas Operations Transfer Date, the Group owned 100 per cent. exploitation rights to the Block 6 concession for NAG and NAG condensate, which supplies gas for Oman's liquid natural gas ("**LNG**") export plant. Effective from the Gas Operations Transfer Date, EDO Gas owns 100 per cent. of the exploitation rights to the Block 6 concession for NAG and NAG condensate. Exploration, development and production of these NAG assets are undertaken by PDO.

The earliest petroleum contracts in Oman were based on a concession-type tax and royalty system, in which the concessionaire held rights to all the petroleum produced in the concession area. With the exception of the Block 6 concession, which still operates under a modified tax/royalty regime, this form of contract has been superseded by a relatively standard form of EPSA, with commercial terms negotiated on a contract-by-contract basis by the Ministry of Energy and Minerals on behalf of the Government. The Government currently has 36 EPSAs with 18 Oil and gas companies. Fifteen of these agreements are in the production phase and 21 agreements are in the exploration stage (*Source: Ministry of Energy and Minerals*). Occidental operates the largest non-PDO concession through seven separate concession areas, including the Enhanced Oil Recovery ("**EOR**") development of the Mukhaizna field in the south of the country. The Government also holds a 51 per cent. share in the downstream element of Oman's LNG project and a 66 per cent. share in the Qalhat LNG project.

The following map depicts the Oil and Gas Concession areas in Oman. The area defined in red is Block 6.



Block No.	Block Name	Operator Name	Area km²
3	Ala	CC Energy	5815
4	Ghuraim	CC Energy	23212
5	Wadi Aswad	Daleel	982
6	North, Central & South Oman	Petroleum Development Oman	75119
7	Abu al Tuboul	Hydrocarbon Finder LLC	2331
8	Bukha	Musandam Oil & Gas Company	379
9	Suneinah	Occidental Oil & Gas	4083
10		Shell Development Oman LLC (Non-Associat Gas)	1209
11		Open (Non-Associated Gas Operator)	2903
12		Total E&P Oman Block 12 B.V.(Non-Associat Gas)	9646
15	Jebel Aswad	Hydrocarbon Finder LLC	1389
17	Musandam	Petrotel	2348
18	Batinah Coast Offshore	Open	21813
21		Open	20018
22		Open	15719
23		Open	9455
27	Wadi Aswad	Occidental Oil & Gas	1254
30	Hebr	Occidental Hafar LLC	1185
31	Suneinah North	ARA Petroleum Oman B31 Limited	8628
36	Fawad	Open	18937
38	Madayy	Open	17424
39	Salalah	Petrotal Oman Onshore) LLC	11936
40	Musandam Offshore	Open	5392
41	Qarnyat Coast Offshore	Open	25021
42	Sharqiyah	Shell Oman Exploration & Production B.V.	21073
43B	Dhahrah	Open	11968
43A	Dhahrah	Open	6926
44	Sharmi	ARA Petroleum	1162
47	Jebel Hammah	ENI Oman B.V	8522
48	Mukh	OQ	2995
49	Montasar	Tethys Oil Montasar Limited	15448
50	Masirah Bay Offshore	Masirah Oil Ltd	16903
51	Ruqlah	Occidental Oman Block 51 LLC	10133
52	Juzor Al Hallaniyyat	ENI Oman B.V	9925
53	Makhzina	Occidental Oil & Gas	694
54	Karawan	Oman Lasso Exploration&Production Karawan	5832
55	Kahil	Shell Oman Exploration & Production B.V	7564
56	Mudawrat	Tethys Oil Oman Onshore Limited	5808
57	Al Ahl	Petroleb Sal	2262
58	Qatbeet	Tethys Oil Qatbeet Limited	4557
60	Abu Rutabul	OQ	1485
61	Khazan	BP (Non-Associated Gas Operator)	2887
62	Habibah	Occidental (Non-Associated Gas Operator)	2269
62 Oil	Habibah	Open	2269
65		Occidental Oman Block 65 LLC	1230
66		Open	4898
67		Petrotal Oman Onshore) LLC	1773
70	Mahrajj	Maha Energy (Oman) Ltd	639
71		Majan Energy LLC	282
72		Occidental Oman Block 72 LLC	3630
73		Open	2988
74		Open	3064
75		Open	2266
76		Open	704
77		ENI Oman B.V (Non-Associated Gas Operator)	2734
NLS	Natural Living Sanctuary	Natural Living Sanctuary in the Al Wasta Region	2731
Vacant		Open	555
MADHA	Madha	Open	78

Note:

The above map is for reference only and does not necessarily reflect international borders or other locations accurately.

Exploration and Drilling

PDO has been the primary company engaged in exploration activity in Oman and was founded in 1937 as Petroleum Development (Oman and Dhofar) Ltd. Most of the active concessions in Oman are situated within the four main producing basins of South, Central and West Oman and the Oman Foreland sub-basin in

northern Oman. Block 6 extends across all four of these established sub-basins. Onshore concessions account for over 85 per cent. of active concessions; there are four active offshore concessions.

The primary producing basins in South, Central and West Oman and the Foreland Sub-basin in northern Oman are the locations of 95 per cent. of the key exploration and appraisal wells drilled in Oman. The remaining wells have been drilled in four other basins, three of which are offshore and one of which is located onshore in eastern Oman. PDO's initial exploration and appraisal drilling was focused on the northern areas of Block 6, close to its first discoveries in the Yibal and Fahud fields. Drilling then continued in the Qarn Alam area, directly south of Fahud, where a number of discoveries were made in the early 1970s. Following the discovery of the Marmul field in 1980, PDO increased its drilling in the under-explored areas of southern Oman. In the mid-to-late 1990s the Central Oman sub-basin was the focus of gas exploration and appraisal activity in the Qarn Alam area for reserves to support the Oman LNG project. In recent years, PDO, Occidental, PTT and CCED have had relatively successful drilling results in the Central Oman Basin and the Oman Foreland sub-basin.

All blocks in Oman that are not subject to an EPSA are available for exploration and development via the Ministry of Energy and Minerals. The terms of cost recovery and production sharing vary depending upon the prospects of the area, the proximity to existing infrastructure and whether the concession is onshore or offshore. The Government generally takes between 70 per cent. to 85 per cent. of the balance of the Oil produced after cost recovery under the terms of its EPSAs. The tenor of the EPSAs ranges from 15 to 30 years, with no significant contracts up for renewal in the next 12 months. The Ministry of Energy and Minerals periodically organises licensing rounds in which open acreage is directly marketed to prospective investors. Interested companies may negotiate for opportunities either within or outside official licensing rounds. The granting of EPSAs has increased significantly in recent years, partially due to relinquished PDO acreage becoming available, as well as the Ministry of Energy and Minerals' active pursuit of additional Oil and gas production.

In 2004, the Block 6 concession was extended to 2044 by the Ministry of Energy and Minerals. In 2007, BP was selected by the Ministry of Energy and Minerals to appraise and develop the Khazzan and Ghazeer gas fields, located in Block 61 in the Central Oman basin. In 2013, Oman and BP signed a gas-sales agreement and an amended EPSA for the Khazzan field, with total investment for the full-field development estimated to be approximately US$16 billion. In 2013, the Government of Oman, though Makarim Gas Development LLC, acquired a 40 per cent. participating interest in Block 61. The EPSA was further amended on 8 November 2016 in order to extend the licensing area of the block and enable further development of the Khazzan field. In February 2021, BP agreed to sell 20 per cent. of its participating interest in Block 61 to PTT Exploration and Production Public Company Limited of Thailand. Following completion of the sale, BP will remain the operator of Block 61 and retain a 40 per cent. interest.

In 2018, the Ministry of Energy and Minerals signed three new EPSAs. The first EPSA is with Petroleb LLC (Block 57) with a total investment for the first phase estimated to be US$20 million. The second is with Occidental (Block 51), with total investment for the first phase estimated to be US$6 million. The third EPSA is with Occidental and Oman Oil Exploration and Production LLC (Block 65), with total investment for the first phase estimated to be US$32 million. In 2019, a new EPSA was signed with Occidental for Block 72 and Eni entered into EPSAs for Block 77 (with BP) and Block 47. Three new EPSAs were signed during 2020: (i) Block 12 with TotalEnergies; (ii) Block 58 with Tethys; and (iii) Block 70 with Maha Energy. In February 2021, the Ministry of Energy and Minerals signed an EPSA with Majan Energy LLC for the development of Block 71, a 282 square kilometre area in the south of Oman carved out of PDO's Block 6 licence, which contains the heavy Oil Habhab field. Majan Energy will conduct geological studies and drill evaluation wells to extract heavy Oil from the field.

On 15 September 2022, the Ministry of Energy and Minerals signed an EPSA with Shell, along with its partners OQ and TotalEnergies, to develop and produce natural gas. The exploration activities will involve acquiring a new seismic survey and drilling exploration wells.

On 21 December 2021, Shell, along with its partners OQ and Marsa Liquefied Natural Gas LLC (a joint venture between TotalEnergies and OQ), signed a concession agreement with the Ministry of Energy and Minerals to develop and produce natural gas from Block 10. Gas production from Block 10 commenced in the first quarter of 2023.

Pursuant to MEM Ministerial Decision No. 19/2023 and Ministerial Decision No. 248/2022 of the Minister of Finance, retroactively effective as of 1 January 2023, the Ministry of Finance established IGC Oman and transferred all of the agreements relating to the sale, purchase, supply and transportation of NAG from the Ministry of Energy and Minerals to IGC Oman. The transfer constitutes part of an organisational restructuring of Oman's commercial gas sales and purchase sector in order to optimise sector operations. See "*Overview of Oman and the Economy—The Economy of Oman—Medium-Term Fiscal Plan*".

Oman Hydrocarbon Reserves

Oman's reserves are distributed evenly among the South Oman, Oman Foreland, Central and West Oman sub-basins. The South Oman and Oman Foreland sub-basins contain predominately Oil reserves, while the Central and West Oman sub-basins contain substantial reserves of both NAG and AG in addition to significant Oil and condensate (AG and NAG) reserves.

Oil and condensate (AG and NAG)

The following table sets out Oman's total 1P Oil and condensate reserves as at 31 December for the years indicated.

	As at 31 December				
	2019	**2020**	**2021**	**2022**	**2023**
			(MMBBL)		
Block 6[(1)]	1,723.9	1,616.2	1,705.3	1,793.4	1,701.6
Total	2,801.2	2,640.2	2,877.96	—[(2)]	—[(2)]

Notes:

(1) Block 6 figures are 1P reserves as per PDO's estimate in accordance with SEC guidelines.

(2) Since 2022, Oman has discontinued the disclosure of its total 1P Oil and condensate (AG and NAG) reserves.

Source: Ministry of Energy and Minerals

Since 2022, Oman has discontinued the disclosure of its total 1P Oil and condensate (NAG) reserves data. Oman's total 1P Oil and condensate (NAG) reserves increased to 2,877.96 million barrels as at 31 December 2021 compared to 2,640.2 million barrels as at 31 December 2020. Block 6 1P Oil and condensate (NAG) reserves decreased to 1,701.6 million barrels as at 31 December 2023, compared to 1,793.4 million barrels as at 31 December 2022 and 1,705.3 million barrels as at 31 December 2021. The decrease in Block 6 1P Oil and condensate (NAG) reserves is due to lower proportion of changes in ultimate recovery compared to the production during the year.

Gas

The following table sets out Oman's total 1P gas reserves as at 31 December for the years indicated.

	As at 31 December			
	2020	**2021**	**2022**	**2023**
		(tcf)		
Block 6[(1)]	7.5	6.8	5.8	5.4
Total	14.0	13.0	—[(2)]	—[(2)]

Notes:

(1) Block 6 figures are 1P reserves, including Mabrouk Northeast.

(2) 2022 and 2023 total gas reserves data have not been published as of the date of this Base Offering Circular.

Source: Ministry of Energy and Minerals

The vast majority of Oman's 1P gas reserves are held within PDO's Block 6. The deep reservoir of the Saih Rawl field is the country's largest proven non-associated gas field. The in-place volumes at Khazzan and Ghazeer are estimated to range from 20 to 30 trillion cubic feet. The range in estimates for these projections reflects the uncertainty relating to developing these deep, tight gas fields.

Oman Hydrocarbon Production

Oil and condensate (AG and NAG)

Commercial Oil production began in Oman in 1967, when PDO's Fahud and Natih fields were brought onstream. In 1969, PDO began producing from the Yibal Oil and gas field. The Fahud, Natih and Yibal fields still make a significant contribution to Oman's production today. Until 1980, all Omani liquids production came entirely from PDO-operated fields. However, in 1980, Elf brought the Sahmah field into production, and in 1984, Occidental brought the Safah field onstream. Subsequently, two other fields started production: the Daleel field located in Wadi Aswad (Block 5) and operated by JAPEX (now Daleel Petroleum) in 1990, followed in 1994 by the offshore Bukha field, now operated by OQ. Occidental became the operator of the Mukhaizna field in 2005 and has increased production on that field through a large-scale steam injection EOR project.

The following table sets forth the average daily Oil and condensate (AG and NAG) production in Oman for each of the years indicated.

	Year ended 31 December		
	2020	**2021**	**2022**
		(Thousand bbl/d)	
Oil Sub-Total	761.9	751.6	—
Condensate (AG and NAG) Sub-Total	188.8	219.5	—
Total of Oil and condensate (AG and NAG)	950.7	971.2	1,064.2

Note:

(1) Sub-totals for average daily Oil and condensate production for 2023 are not available as of the date of this Base Offering Circular. Total production for 2022 was 1,064.2 thousand barrels per day in 20232.

Source: Ministry of Energy and Minerals

Average Oil and condensate (AG and NAG) production for the year ended 31 December 2023 is not available. Average Oil and condensate (AG and NAG) production per day in Oman for the year ended 31 December 2022 was 1,064.2 thousand barrels per day compared to 971.2 thousand barrels per day for the year ended 31 December 2021. The increase in production in the year ended 31 December 2022 compared to the year ended 31 December 2021 was primarily driven by the revised target Oil production of Oman from its share of Oil production cut with OPEC+. Condensate (AG and NAG) is produced mainly from PDO's fields in the Qarn Alam area and is supplemented by very small volumes from Suneinah, Bukha, Wadi Aswad and Shams.

Gas

There are two primary sources of gas in Oman: AG reserves and NAG reserves. NAG reserves are developed primarily to produce natural gas while AG is produced as a by-product of the production of Oil.

Until 1999, Oman's NAG was almost entirely produced from PDO's Block 6. AG production in Oman was less than 400 million cubic feet per day and sourced from PDO's Yibal, Fahud and Lekhwair areas in the north of Block 6. The southern producing areas of Marmul and Nimr are characterised by relatively heavy Oils with lower gas to Oil ratios and, accordingly, have very limited AG reserves. Until September 2017, PDO produced more than 90 per cent. of the country's demand requirement, including for domestic use and Oman LNG.

The following table sets forth the average daily natural gas production in Oman for each of the years indicated.

	Year ended 31 December		
	2020	**2021**	**2022**
		(tcf)	
AG Sub-Total	0.7	0.9	1.0
NAG Sub-Total	3.6	3.8	3.9
Total Gas	4.3	4.7	4.9

Note:

(1) 1 cubic metre converted to 35.383 cubic feet.

Source: Ministry of Energy and Minerals

In Oman, average natural gas production per day was 4.9 billion cubic feet per day for the year ended 31 December 2022 compared to 4.7 billion cubic feet per day in 2021. The increase in production in 2022 resulted primarily from the increase in consumption in large scale industry and Oman LNG export.

The Government derives income from the sales of Block 6 gas through tax and dividend payments from EDO Gas. Future natural gas sales are expected to continue to be supplied mainly by both PDO and BP Khazzan. With significant existing contracted LNG volumes and growing industrial and domestic gas markets, demand for gas in Oman is forecasted to continue to grow, and it is projected that PDO, even together with the current estimates of gas production from BP Khazzan phase 1, which came onstream in September 2017, will be unable to fully meet Oman's future gas demand without additional projects coming onstream. As a result, the Government is relying on growth from projects such as the extension development of the BP Khazzan gas field, which came onstream in October 2020, to ensure that the Government can continue to meet the country's gas demand and export obligations for the foreseeable future.

On 14 February 2016, BP and Oman Oil signed a heads of agreement with the Government committing to amend the EPSA for Block 61, extending the licence area of the block and enabling the further development

of the Khazzan tight gas field. Under the amended EPSA, the extension is expected to add a further 1,000 square kilometres to the south and west of the original Block 61. The extension is expected to allow a second phase of development, accessing additional resources in the area that have been identified by drilling activity within the original block. The first phase began production in September 2017 and is producing 1.0 billion cubic feet per day of gas. The two phases combined are expected to produce 1.5 billion cubic feet per day through the development of 10.5 trillion cubic feet of recoverable gas resources. The second phase construction of a third gas train to the existing central processing facility with associated gathering and export systems and drilling approximately 105 wells over a 15-year period came onstream in October 2020. In March 2018, PDO announced its discovery of significant reserves in the Mabrouk gas field, which is expected to yield more than four trillion cubic feet and 112 million barrels per day of NAG condensate. On 21 December 2021, Shell, along with its partners OQ and Marsa Liquefied Natural Gas LLC (a joint venture between TotalEnergies and OQ), signed a concession agreement with the Ministry of Energy and Minerals to develop and produce natural gas from the Mabrouk Field.

In December 2021, Shell and TotalEnergies signed a concession agreement to develop gas from Block 10 in the Greater Barik Area, located immediately south of Khazzan. This was followed by the signing of an EPSA for the adjacent block, Block 11, in 2022. Block 10 has already started production from the Mabrouk NE field.

Oil Refineries

There are three refineries currently operating in Oman, the Mina Al Fahal refinery, the Sohar refinery and the Duqm refinery, which are operated by the OQ Group ("**OQ**").

Mina Al Fahal refinery

The Mina Al Fahal refinery was brought online in 1982, with a capacity of 50,000 barrels per day. The plant's capacity was upgraded to 80,000 barrels per day in 1987. Following the installation of a continuous catalytic generator in 1993, the refinery is capable of producing unleaded petrol. Between 2005 and early 2007, the refinery was refurbished and its capacity was upgraded to 106,000 barrels per day at a cost of US$320 million. Over the last 10 years, the Mina Al Fahal refinery has operated close to its nominal capacity. It receives the vast majority of its supply from the Ministry of Energy and Minerals.

Sohar Refinery

The Sohar Refinery was constructed by the Sohar Refinery Company, a joint venture between the Government and Oman Oil Company at a cost of US$1.25 billion and was brought online in October 2006. The refinery processes residual fuel Oil from the Mina Al Fahal plant to produce petrol and consists of, among other units, a residue fluid catalytic cracker. The plant refining capacity, when combined with Mina Al Fahal, is 250 thousand barrels per day, of which approximately 78 per cent. is supplied to the domestic market and the rest exported through the Sohar Refining Improvement Project. OQ's international Oils and petrochemicals marketing company acquires the exported barrels.

The Muscat Sohar Pipeline Project ("**MSPP**") was completed in March 2018 and connects the Mina Al Fahal and Sohar refineries by means of a 280 kilometre pipeline to an intermediate distribution and storage facility at Jifnain, as well as a new storage facility at Muscat International Airport, which is intended to receive aviation fuel directly from the pipeline. MSPP is a two-way multi-product pipeline that is intended to remove the need to ship and truck refined products. The pipeline is designed to bring a new level of efficiency and lower costs, as well as reduce the number of fuel-tank truck journeys which will contribute to reducing road congestion.

In addition, Liwa Plastics Industries Complex ("**LPIC**") is a steam cracker project that is intended to process light ends such as butane, propane and gasoline produced in the Sohar refinery and aromatics plant as well as optimise natural gas liquids extracted from currently available natural gas supplies. LPIC is expected to

re-route elements of existing production to be combined with additional purchased feedstocks to deliver high value polymer products for the local and international marketplaces. LPIC's primary goal is to further increase the value that can be derived from Omani Oil and natural gas production within the country. LPIC is also expected to have a positive impact on the local economy and employment, particularly in constructions and operations.

Duqm refinery

The Special Economic Zone in Duqm ("**SEZAD**") is a Government plan to develop the area in Duqm, scheduled to be finished in 2031. Investments of up to US$14 billion have been earmarked for petrochemicals and infrastructure development. OQ is leading the development of a number of large-scale projects in SEZAD. Occupying a land area of 1,745 square kilometres and 70 kilometres of coastline along the Arabian Sea, the SEZAD is intended to be one of the largest industrial and economic hubs in the Middle East and North Africa region.

The Duqm Refinery, the flagship project in SEZAD, is a joint venture between OQ and Kuwait Petroleum International. The refinery was inaugurated on 7 February 2024 and its main products are diesel, jet fuel, naphtha and liquified petroleum gas. It has a refining capacity of 230 thousand barrels per day using various blends of Oil. The refinery is supported by the development of Duqm port and other related infrastructure.

Transportation/Distribution

Oil infrastructure

Terminals

Oman's main Oil terminal, Mina Al Fahal, is located near Muscat. The majority of the country's Oil is either exported or processed at the refinery for domestic use, with the exception of small volumes produced from OQ's Block 8 (West Bukha) in Musandam, which are exported from the Musandam Gas Plant. The Mina Raysut port near Salalah has an Oil pier with one dolphin berth for handling tankers of up to 45,000 dead weight tonnage. Another ship-to-ship terminal is located on the south coast of Oman, where the Masirah Oil Company operates in Block 50, the off-shore concession area.

Pipelines

PDO owns and exclusively operates a highly developed Oil infrastructure network in Oman mainly comprised of the one main pipeline system known as the Main Oil Line (the "**Main Oil Line**" or the "**MOL**") system. As the Group owns 60 per cent. of PDO, it indirectly owns 60 per cent. of the MOL.

The Oil pipeline network in Oman comprises the Main Oil Line, which is 60 per cent. owned by the Group. The Main Oil Line extends from PDO's southern fields, through the Qarn Alam area and includes sections of diameters between six and 42 inches depending on local and regional supply capacities. The section of the Main Oil Line that runs from Marmul to the Nahada Booster Station is known as the South Main Oil Line. At Nahada this joins another component of the Main Oil Line, which originates at Lekhwair and Yibal, and is known as the North Main Oil Line. The Main Oil Line transports all of the Oil produced in mainland Oman (except Musandam and Masirah production) from the interior to the coastal terminal at Mina al Fahal and has an ultimate transportation capacity of 1.4 million barrels per day. All onshore Oil producers have pipelines connecting their fields to the Main Oil Line and pay a fixed tariff per barrel for the use of PDO's Oil export network.

Continued investment is planned by PDO to maintain the integrity of the Oil pipeline network. Production increases in southern and central Oman have required additional pumps to be installed at the Qarn Alam and Nahada Booster Stations, which are key Oil hubs.

Gas Infrastructure

Pipelines

Oman's post-processing natural gas pipeline network is owned OQGN, which owns eight major pipelines and is indirectly wholly owned by the Government through the Oman Investment Authority.

OQGN natural gas pipeline network post-processing plants comprises approximately 2,500 km of gas pipelines excluding PDO's internal gas pipeline network, which connects producing fields and processing plants. OQGN's network includes the main gas export pipeline to the LNG terminals at Qalhat near Sur, pipelines from Saih Rawl to Muscat, Sohar in the north and Salalah in the south, inter-field pipelines and pipelines supplying AG for injection into the Oil reservoirs of fields located in southern Oman.

OQGN plans to add 500 to 600 kilometres of pipelines to the existing gas transmission network in the coming years. Major projects include connecting Duqm and addressing growing demand in the Sohar region.

The primary supply of gas in Oman comes from the northern and central producing regions within PDO's Block 6, namely Yibal, Fahud, Lekhwair and Qarn Alam. The South Oman Gas Line extends from the Saih Nihayda field in the Qarn Alam area to the Marmul fields in the south. This line is used to supply gas primarily for injection (for reservoir pressure maintenance), power generation and other local use.

LNG terminals

Oman's LNG plant at Qalhat came onstream in 2000 and currently has a capacity of approximately 6.6 million tonnes per annum. The plant consists of two process trains (each with 3.6 million tonnes of storage tank capacity), marine loading facilities and utility facilities. A third train, Qalhat, was brought onstream at the end of 2006. This train has a capacity of 3.3 million tonnes per annum and is operated by Oman LNG (with a different equity structure for trains 1 and 2). Storage and loading facilities are shared between the two projects. The Oman LNG plant capacity increased by 11.4 million tonnes per annum in 2022 after the completion of a de-bottlenecking project.

Gas processing plants

Effective from the Gas Operations Transfer Date, the key gas processing plants in Oman have been owned by EDO Gas and operated by PDO. See "*Business—Operations—Reservoir Management and Production Strategy—Gas*".

Omani Blend

Omani Oil is one of the few Middle Eastern Oils to be freely traded on the spot market and the first and only Oil to be traded on a futures exchange. Operators are permitted to re-sell their barrels on an "over-the-counter" basis and through the Dubai Mercantile Exchange.

In November 2006, the Ministry of Energy and Minerals announced that Oman would adopt forward pricing of its Oil based on the Dubai Mercantile Exchange Oman, the first Oil futures contract designed to serve the Oil pricing needs of the Middle East and Asia markets and traded on the Dubai Mercantile Exchange.

In June 2007, the Ministry of Energy and Minerals announced its first Official Selling Price for August loading barrels, marking the first exchange-based pricing for Oman Oil, and paving the way for the Dubai Mercantile Exchange Oman to become the price benchmark for Oil produced in the Middle East and exported to the East of Suez market, making Dubai Mercantile Exchange Oman's price one of three leading global Oil benchmarks. Dubai Mercantile Exchange Oman has since been added to the pricing mechanism of Dubai (2009), Saudi Aramco (2018), Bahrain (2018) and Kuwait (2020), and the Oman futures contract is now pricing more than 5 million barrels per day.

The following tables sets forth the average prices for Oman Export Blend Oil and Brent Oil for each of the years indicated.

Omani Blend Oil	**2021**	**2022**	**2023**
		(US$/bbl)	
January	43.83	80.26	86.15
February	50.00	73.14	77.43
March	54.79	83.62	80.92
April	60.85	91.96	82.23
May	64.43	110.96	78.49
June	63.10	102.40	83.28
July	66.40	107.22	74.94
August	71.66	112.93	74.78
September	72.73	103.21	80.54
October	69.38	97.00	86.57
November	72.78	90.80	92.77
December	81.58	90.79	89.79
Average for the period	**64.29**	**95.36**	**82.32**

Source: Ministry of Energy and Minerals

Brent Crude Oil	**2021**	**2022**	**2023**
		(US$/bbl)	
January	43.98	80.85	82.50
February	50.22	74.74	82.59
March	55.32	85.57	78.53
April	62.28	94.10	84.64
May	65.70	112.46	75.47
June	65.33	105.92	74.84
July	68.30	111.96	80.10
August	73.41	117.50	86.20
September	74.07	105.12	93.72
October	70.51	97.74	90.59
November	74.88	90.57	82.94
December	83.75	93.59	77.63
Average for the period	**65.65**	**97.51**	**79.76**

Source: Ministry of Energy and Minerals, the World Bank, US Energy Information Administration

The following table sets forth the exports of Omani Blend Oil by importing country for each of the years indicated. Data for 2023 is not yet available.

	2021	2022
	(mmbbl)	
China	242.2	259.8
Taiwan	—	—
Singapore	2.1	0.32
Japan	4.2	11.7
Thailand	1.2	1.9
South Korea	6.5	12.1
India	28.9	31.2
Sri Lanka	—	—
Malaysia	—	0.98
Other countries	1.9	—
Total	**288.9**	**318.0**

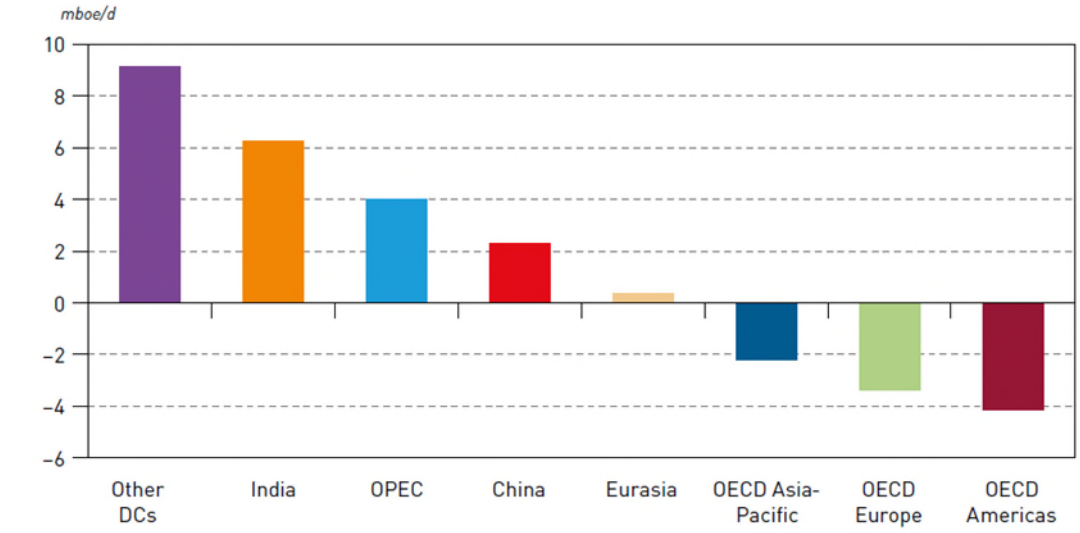
Note:

(1) Total exports, including condensate (AG and NAG) and excluding Oil supply to ORPIC.

Source: Ministry of Energy and Minerals

Oil Demand

The following graph sets out expected global incremental Oil demand by region between 2021 and 2045 using 2021 as the basis for calculating incremental Oil demand for the forecast period.



Source: OPEC.

Historically, global Oil demand growth has generally tracked global GDP growth trends. Going forward, the largest incremental Oil demand is forecast to come from other developing countries. Driven by strong population growth, fast expanding economies, further urbanisation and the related expansion of the middle

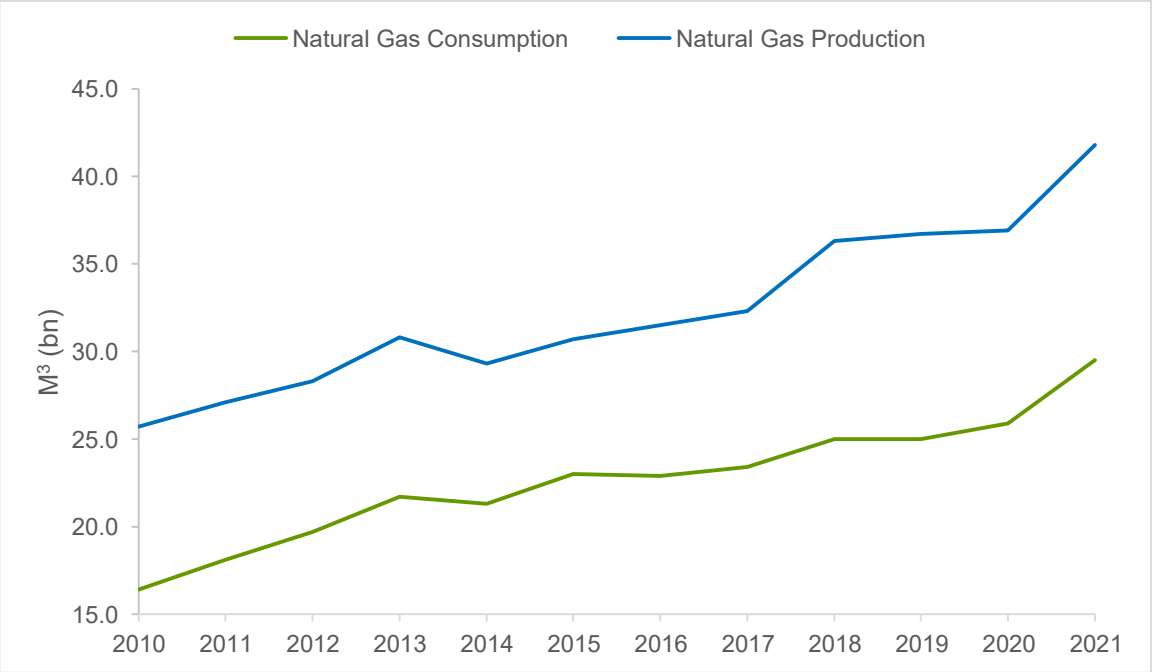
class, this large group of countries has incremental Oil demand in the range of almost nine million barrels of Oil equivalent per day for the period 2021 to 2045. Similar trends also apply to India and OPEC member countries in which corresponding increments are in the range of six million barrels of Oil equivalent per day and four million barrels of Oil equivalent per day, respectively.

Some Oil demand growth is also projected for China and Eurasia. However, demand in these countries will likely mature over the current decade and thereafter enter a relatively long period of plateauing. Thus, the demand increase in China is forecast to be just slightly above two million barrels of Oil equivalent per day, while the overall increase in Eurasia is less than one million barrels of Oil equivalent per day.

In terms of OECD countries, Oil demand in this group is marked by a short period of strong growth on the back of a recovery from the impacts of the COVID-19 pandemic, before entering a long period of slow, but steady decline. The largest demand decline is projected for OECD Americas, at a negative 4.2 million barrels of Oil equivalent per day, followed by OECD Europe with a drop of 3.4 million barrels of Oil equivalent per day and then OECD Asia Pacific with a decline of 2.2 million barrels of Oil equivalent per day. Contrary to most non-OECD countries, the prevailing factors driving the demand decline in the OECD are the substitution of Oil by electricity and natural gas in various sectors of consumption, technology driven efficiency improvements, adopted policy measures, demographics and consumer-led developments.

Oman Natural Gas demand

The following graph sets out production and consumption of Oman natural gas between 2010 and 2021 in billion cubic metres:



Source: 2022 BP Statistical Review of World Energy

Between 2011 and 2022, Oman natural gas consumption grew at a compound annual growth rate of 5.0 per cent., driven by the country's rapid industrialisation and also by the Government's plans for natural gas to play an increasingly prominent role in power generation. Oman natural gas production grew at a compound annual growth rate of 4.4 per cent., supported by the vast natural gas resources available for extraction.

Regional energy policies are also supporting the production and consumption of non-Oil resources, including through financial/fiscal subsidies and stated carbon neutrality commitments of several large consuming countries in the region. This is likely to affect natural gas demand in the long term. Furthermore, a large

portion of Oman’s electricity is generated by natural gas, which will likely support further growth at a steady pace.

BUSINESS

Overview

The Group is Oman's national energy company. The Group owns participating interests in two concessions, accounting for approximately 65 per cent. of Oman's Oil and gas production, which totalled 858,898 barrels of Oil equivalent per day for the year ended 31 December 2022. The Group is wholly owned by the Government and was established to focus on incremental value creation in Oman's energy sector by realising efficiencies and pursuing new growth opportunities.

The Group directly owns a 60 per cent. interest in the Oil Concession and, through EDO Gas, a 100 per cent. interest in the Gas Concession. The remaining 40 per cent. interest in the Oil Concession is owned by POHOL which, in turn, is 85 per cent. owned by Shell, 10 per cent. owned by TotalEnergies and 5 per cent. owned by PTTEP. The Block 6 development is Oman's most significant Oil and gas operation.

The Group also owns a 60 per cent. interest in PDO, Oman's largest Oil and gas producer, which carries out projects and operations related to the exploration and production of Oil and gas in Block 6. PDO operates the Oil Concession on behalf of the Group and POHOL and the Gas Concession on behalf of EDO Gas.

The Group's core activities are organised around product types and consist of:

- Oil, AG and AG condensate activities, including those related to exploration, production, sales and marketing, which it owns directly and are managed by PDO; and
- NAG and NAG condensate activities, including those related to exploration, production, sales and marketing, which it owns through EDO Gas and are managed by PDO.

As at 31 December 2023, the Group's total assets amounted to US$27,589 million. For the years ended 31 December 2023, 2022 and 2021, the Group generated revenue of US$16,423 million, US$17,282 million and US$11,532 million, respectively, profit before tax of US$4,411 million, US$4,684 million and US$4,060 million, respectively, and EBITDA of US$8,933 million, US$8,645 million and US$7,481 million, respectively.

As at 31 December 2023, the Guarantor's total assets amounted to US$10,742 million. For the year ended 31 December 2023, the Guarantor generated revenue of US$4,811 million and profit before tax of US$1,995.

History

Prior to the Formation

PDO was established in 1937 when the Government granted a 75-year concession for central Oman and a separate concession for the province of Dhofar to the Iraq Petroleum Company, which created Petroleum Development (Oman and Dhofar) Ltd, a predecessor to PDO, to operate these concessions. In 1951, the Dhofar concession expired and the company was renamed Petroleum Development (Oman) Ltd.

In 1956, PDO drilled its first exploration well in the Fahud Oil field. In 1962, significant amounts of Oil were found at Yibal and PDO subsequently discovered the Natih and Fahud Oil fields in 1963, which established Oman as an Oil-producing nation. The first export of Omani Oil took place in June 1967. In the same year, the Government and POHOL entered into a concession agreement that granted POHOL rights to explore and produce petroleum in Oman. In 1974, the Government acquired a 60 per cent. interest in the rights granted to POHOL and in May 1980, the company's name was changed to Petroleum Development Oman.

Subsequently, PDO expanded production and established a national gas system to deliver natural gas from Oman's interior to industry on the coast. Throughout the 1990s, PDO increased production using new

technology and discovered and developed new Oil and gas fields. In 1996, PDO developed the central Oman gas fields to supply gas to a new LNG plant in Qalhat. The project was one of the largest in PDO's history.

In 2004, the Government, POHOL, POHOL's shareholders and PDO entered into new agreements in respect of the Oil Concession, including, amongst other things, the Oil Concession Agreement, a new operating agreement, and the PDO Shareholders' Agreement, all of which were ratified by Royal Decree № 2/2005 and replaced all previous agreements for such hydrocarbons.

In 2010, PDO's first full-scale EOR project at Marmul was successfully commissioned.

In 2017, PDO announced an expansion into hydrocarbon and renewable energy generation and water management, turning PDO into a fully diversified energy company.

The Formation

In December 2019, as part of reforms to optimise public sector management, the Government requested that PDO explore options to evolve its operating model to realise its full potential. This resulted in the Government's decision to establish EDO as the new, over-arching entity for Oil and gas operations in Block 6.

EDO was created on 24 December 2020, at which time the Government's pre-existing 60 per cent. participating interest in the Oil Concession, as well as in PDO, were transferred to EDO. The Gas Concession was subsequently created in 2021, granting EDO all rights to Block 6 NAG and NAG condensate. EDO was formed as part of the Government's overall reform of the management of the public sector to evolve PDO's operating model in order to realise the full potential of the business. The Government views its shareholding in EDO as a long-term investment and anticipates receiving regular dividend payments in line with EDO's dividend policy. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows—Dividends and Distributions*".

The four principles guiding the establishment of EDO were:

- **Government oversight**: EDO is a holding company directed by a board of directors nominated by the Government (in particular, the Ministry of Finance and the Ministry of Energy and Minerals).
- **Cash neutrality**: EDO will ensure that the Government receives distributions in the form of royalties, taxes and dividends in an amount that is at least as much as the Government expects to receive from Block 6.
- **Self-sufficiency**: EDO funds its Capital Expenditure and operational expenditure for core operations from its cash flow from operations. It will raise external debt for Capital Expenditure (subject to its capital structure) following a pre-agreed governance framework with the Ministry of Finance to unlock additional value from its reserves.
- **Unlocked value**: EDO is focused on leading the energy transition by creating value through efficiency and/or new growth with the aim of promoting Oman's financial position and improving the Omani Oil and gas sector.

EDO InfraCo

EDO InfraCo, a new direct subsidiary, was established in December 2023 to development infrastructure related to the transportation of gases and liquids through pipelines, including the water network. EDO InfraCo has not begun operations.

Hydrom

Hydrom was launched in 2022 following His Majesty Haitham bin Tariq Al Said's directive to accelerate the development of the green hydrogen sector in Oman. Hydrom was created initially as Hydrogen Development

Oman, and the legal name was subsequently changed to Hydrogen Oman SPC with the commercial name of Hydrom. Previously, Hydrom was also referred to as HDO, including in the Group's financial statements.

Hydrom is fully owned by the Group and regulated by the Ministry of Energy and Minerals. It is the principal entity in Oman responsible for developing and executing Oman's green hydrogen strategy, including the creation of a connected ecosystem of green hydrogen industries and hubs.

Hydrom has six key activities:

- oversee planning for the green hydrogen sector in Oman;
- delineate and allocate government-owned lands for green hydrogen projects;
- structure projects and manage the auction process;
- co-ordinate the common infrastructure;
- oversee the execution of green hydrogen projects; and
- manage data on wind and solar resources.

Founded on the values of sustainability, transparency, efficiency, agility, and innovation, Hydrom has the overarching vision of positioning Oman as a leading global green hydrogen hub by enabling the delivery of projects competitively and at scale. The goal is for developers to generate one million tonnes of green hydrogen by 2030. In June 2023, Hydrom entered into two separate agreements in regard to two land blocks for green hydrogen projects in Al Wusta. Hydrom has recently launched the second auction round for green hydrogen projects in Dhofar, including three blocks that are available through an open tender. Each block is at least 300 square kilometres and the blocks are expected to be awarded in the second quarter of 2024. In addition to these blocks, Hydrom has earmarked three blocks for legacy initiatives that were initiated prior to Hydrom's incorporation. Hydrom has entered into five agreements granting land blocks to five separate consortia for green hydrogen projects with a total expected investment of US$30 billion; however, it has not begun production.

ONE

In parallel, the Group is also considering the reorganisation of its power assets to realise short-term efficiencies and long-term expansion. To that end, the Group established ONE, a new direct subsidiary into which the Group is considering the transfer of Block 6 power generation and transmission assets. This restructuring seeks to create a vehicle to expand in the power and renewables market, increase the power system efficiencies and enhance its governance, and identify and effect higher-value use for gas.

Establishment of EDO Gas

As part of its strategy, the Group incorporated EDO Gas on 21 June 2023 to unlock additional value in the Gas Operations by optimising NAG development and production costs, enhancing governance, mitigating risks, accelerating exploration activities, and facilitating the achievement of Oman's NAG production potential. On 7 September 2023, the Government (represented by the Ministry of Energy and Minerals), EDO, and EDO Gas signed a Novation, Amendment and Restatement Agreement (the "**2023 Gas Concession NARA**") pursuant to which EDO assigned and transferred its rights to NAG and condensate (AG and NAG), its participating interest in and ownership of the Gas Operations and any other right or interest granted to EDO under the existing Gas Concession Agreement (the "**Assigned Interest**"), as well as all of its rights and obligations as seller under the NAG Sales Agreement to EDO Gas with effect from the Gas Operations Transfer Date. See "*Material Agreements—Gas Concession*". EDO Gas' primary commercial activities include the extraction of natural gas, service activities incidental to extraction of petroleum and natural gas, excluding surveying, exploration services and drilling of Oil and natural gas wells.

The transfer of the Gas Operations to EDO Gas did not entail any material changes to the governance of the Gas Operations or how they are conducted. Prior to the Gas Operations Transfer Date, EDO was the sole concession holder of NAG and NAG condensate in Block 6. The Gas Operations and condensate production were conducted by PDO's Gas Directorate (following the same policies and procedures for the Oil Operations) under EDO's oversight. This oversight was exercised through EDO's gas board of directors (the "**Gas Board**"), whose representatives were appointed by the Group, and who were required to obtain approval from EDO's board of directors (the "**Board of Directors**") or EDO's shareholders before voting on certain reserved matters. *See "Material Agreements—Oil Concession—PDO Shareholders' Agreement*". Following the execution of the 2023 Gas Concession NARA, the EDO Gas board of directors (the "**EDO Gas Board of Directors**") assumed the role of the Gas Board in overseeing the Gas Operations and is required to seek approval from the Board of Directors or EDO's shareholders before voting on reserved matters.

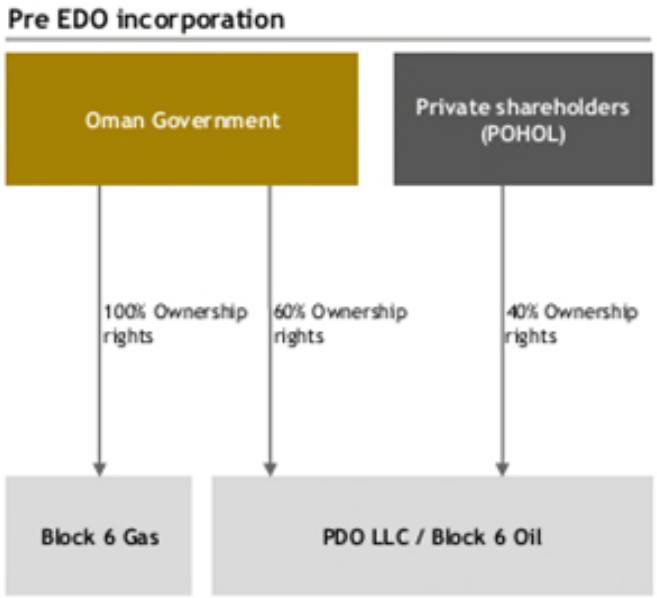
The funding of the Gas Operations, including Capital Expenditure and decommissioning, are the responsibility of the Gas Concession holder. Following the Gas Operations Transfer Date, these funding responsibilities transferred from EDO to EDO Gas. As the Gas Concession holder, EDO Gas also became the sole owner of all gas assets and facilities, as well as of the NAG and NAG condensate produced. As revenue from the sale thereof accrues to the Gas Concession holder, following the Gas Operations Transfer Date these monies will accrue to EDO Gas. The Group expects that the Gas Operations will be funded by the revenues generated by sales of NAG and debt capital. Any surplus funds from sales of NAG and NAG condensate may be paid as dividends to EDO.

Organisational Charts

The following graphics set out the structure of the Block 6 Operations and related entities (i) prior to the incorporation of EDO and (ii) after the incorporation of EDO but before the incorporation of EDO Gas and (iii) after the incorporation of EDO Gas, respectively.

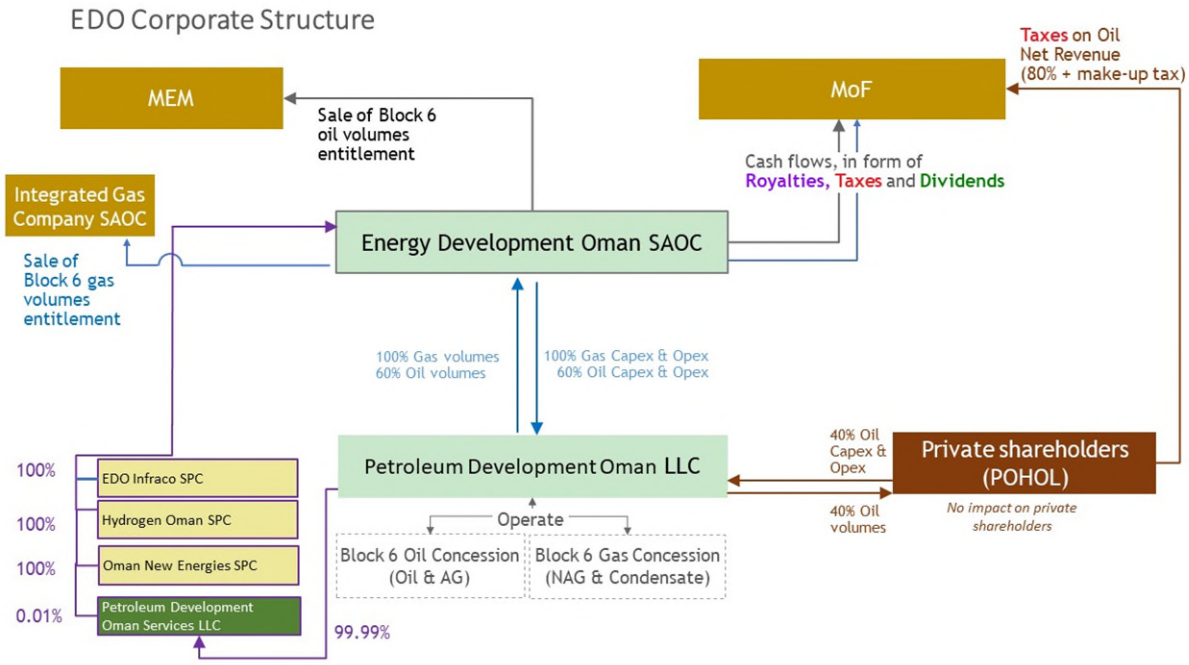
Pre-Incorporation of EDO

The following graphic sets out the structure of the Block 6 Operations prior to the incorporation of EDO.



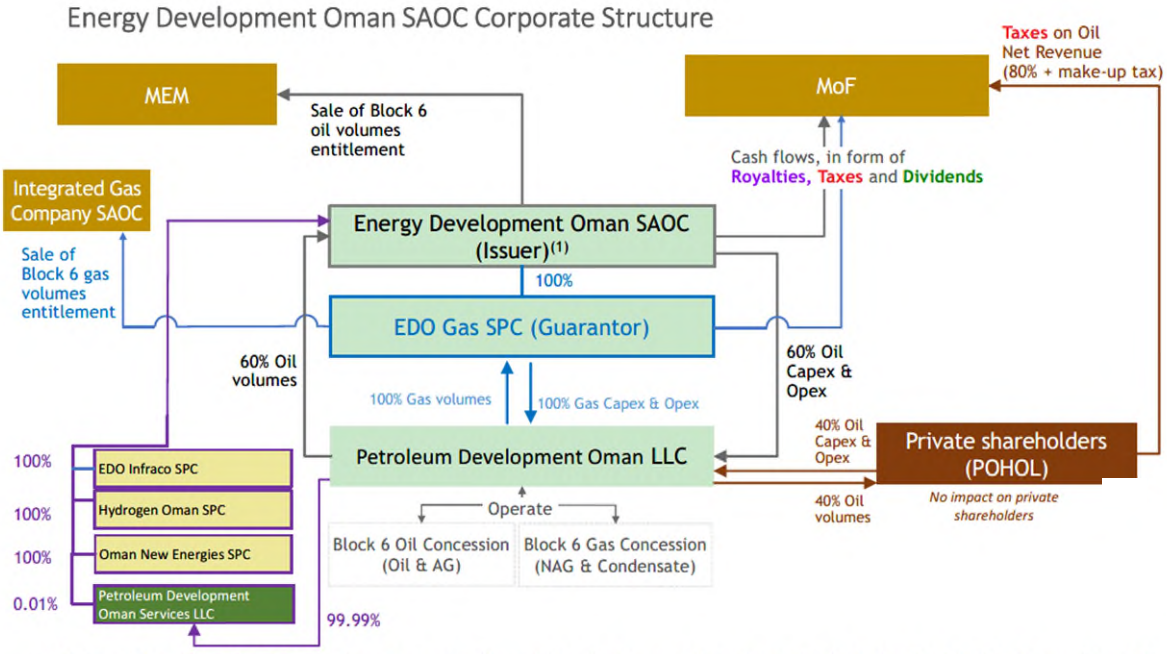
Post-Incorporation of EDO

The following graphic sets out the structure of the Block 6 Operations after the incorporation of EDO but before the creation of EDO Gas.



Post-Incorporation of EDO and EDO Gas

The following graphic sets out the structure of EDO after the incorporation of EDO Gas.



(1) Status of the Notes: The Notes, and any Coupons, will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) will rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Relationship with the Government and operating model

The Government is EDO's sole shareholder and controls the appointment of the members of the boards of directors of both companies, which are responsible for their respective overall policy direction, supervision and control.

The Group's operating model adheres to the following principles:

- The Group represents the Government's interests in the Concessions and works closely with both POHOL and PDO (in respect of the Oil Operations) and EDO Gas and PDO (in respect of the Gas Operations);
- PDO conducts Block 6 Operations on behalf of the Group and POHOL (in respect of the Oil Operations) and EDO Gas (in respect of the Gas Operations), acting as a cost centre on a "no-profit, no-loss" basis, taking cash calls to finance its Capital Expenditure and operating expenses;
- The Group pays cash calls to PDO corresponding to its shares in the Oil Concession (i.e., 60 per cent.) and the Gas Concession (e.g., 100 per cent.);
- The Group may fund Capital Expenditure and operating expenses for the Oil Operations and Gas Operations using the operating cash flow of each underlying concession or by raising debt, in line with the Group's funding policy;
- PDO currently uses all AG production in the Oil Operations and distributes the Oil, NAG and NAG condensate production volumes to the Concessions' participants in line with their respective participating interest shares. Therefore, 60 per cent. of the Oil and AG condensate and 100 per cent. of the NAG and NAG condensate production is delivered to the Group. The remaining 40 per cent. of Oil and AG condensate production is delivered to POHOL's private shareholders;
- The Group recognises revenues from the sale of Oil and AG condensate and NAG and NAG condensate and distributes cash to the Government in the form of royalties, taxes and dividends.
- Under its mandate, and subject to its shareholder approval, EDO seeks to diversify its investments and businesses outside of the Oil Operations and Gas Operations, without impacting Government cash flows from Block 6; and
- POHOL's position remains unchanged, paying 40 per cent. of PDO's Oil Concession cash calls, receiving in return 40 per cent. of Block 6 Oil and AG condensate volumes and paying taxes on the net revenue to the Government.

The Group must act together with Shell in order to direct the activities of PDO as both the Group and Shell have the ability to approve or block decisions on relevant activities. See "*Risk Factors—Financial Risks Related to the Group—PDO's Oil Operations are a joint operation over which the Group exercises control with Shell, exposing the Group to certain risks related to the operation of joint enterprises*" and "*Material Agreements—Oil Concession—PDO Shareholders' Agreement*". Therefore, the Group's investment in PDO is classified as a joint operation for accounting purposes and is not consolidated.

Strengths

The Group believes that it has the following key competitive strengths:

National Energy Champion with Strategic Importance to the Sovereign

The Group is wholly owned by the Government and is key to supporting Oman's long-term economic prosperity. Oil and gas resources represent a significant pillar of the Omani economy. In 2022, Oil and gas accounted for approximately 34 per cent. of the country's nominal gross domestic product and 60 per cent. of exports, and over 75 per cent. of the Government's fiscal receipts. The Group's interests in Block 6 are a

principal component of the Omani Oil and gas sector. As of 31 December 2022, Block 6 comprised 24.35 per cent. of Oman's land acreage, approximately 72 per cent. of the country's combined Oil and condensate production, approximately 55 per cent. of NAG production, approximately 53 per cent. of Oman's 2P Oil and condensate and 41 per cent. of NAG reserves. Furthermore, the Group, through PDO, is one of the largest corporate employers in Oman and provides substantial employment opportunities for the economy, with PDO employing 9,206 full-time employees as of 31 December 2023, of which 85 per cent. were male and 15 per cent. were female. As of 31 December 2023, PDO had an Omanisation (as defined below) rate of 91 per cent., including 1,353 female Omani employees. As of the same date, 91.1 per cent. of PDO's senior positions were held by Omani nationals.

Large Scale Production with a Long Operating Track Record and High-Quality Portfolio with a Strong Reserve Replacement

Through PDO, the Group is the largest Oil and gas producer in Oman, with an average Oil and NAG condensate production of over 700,000 barrels per day (of which the Group owns 60 per cent. of the Oil and 100 per cent. of the NAG condensate). PDO operates the onshore Block 6 Oil and gas concessions, which have more than 50 years of production history. As of 31 December 2023, Block 6 comprised 250 producing Oil fields, 55 NAG fields and 29 production stations. PDO operated approximately 10,415 active Oil and Gas wells, more than 33,000 kilometres of pipelines and flowlines, and 248 operating units in its well engineering fleet, including 57 rigs, 51 hoists and 140 Completion and Well Intervention ("**CWI**") units, as of 31 December 2023.

PDO has maintained stable production of between 1.0 million and 1.1 million barrels of Oil equivalent per day, including Oil, NAG and NAG condensate (of which the Group owns 60 per cent. of the Oil and AG condensate and 100 per cent. of the NAG and NAG condensate) since 2010. For the year ended 31 December 2023, PDO's average daily Oil production was approximately 658 thousand barrels per day (of which the Group owns 60 per cent.), average NAG production was approximately 352 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.) and average NAG condensate production was approximately 97 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.). For the year ended 31 December 2022, PDO's average daily Oil production was approximately 661 thousand barrels per day (of which the Group owns 60 per cent.), average NAG production was approximately 379 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.) and average NAG condensate production was approximately 100 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.). For the year ended 31 December 2021, PDO's average daily Oil production was approximately 635 thousand barrels per day (of which the Group owns 60 per cent.), average NAG production was approximately 391 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.) and average NAG condensate production was approximately 103 thousand barrels of Oil equivalent per day (of which the Group owns 100 per cent.).

The Group believes that PDO's track record of replacing reserves underpins its ability to continue to replace reserves in the future. Between 2014 and 2023, PDO's 2P reserve replacement was approximately 85 per cent. for Oil and 41 per cent. for NAG and NAG condensate. The difference in the 2P reserve replacement of NAG and NAG condensate compared to Oil results from the fact that the Government decided to carve out a number of smaller acreages from Block 6 NAG to accelerate exploration and development activities, including Block 12, Block 77, Block 10 and Block 11. In 2023, 2022 and 2021, PDO achieved 2P reserve replacement ratios of 89 per cent., 77 per cent. and 75 per cent., respectively. Prior to this, PDO achieved 2P reserve replacements of 49 per cent. in 2017 following a technical revision to Qarn Alam Steam and 86 per cent. in 2016 after a re-classification of Yibal Attic. The following table sets out PDO's 2P reserve replacement ratio for each of the years 2014 to 2023.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2P Reserve replacement ratio percentage.....	21%	132%	86%	49%	117%	114%	91%	75%	77%	89%

As of 1 January 2024, the Group's 2P reserves were 1.578 billion barrels of Oil, 220 million barrels of Oil equivalent of NAG condensate and 9.6 trillion cubic feet of NAG, totalling 2P reserves of 3.410 billion barrels of Oil equivalent. This compared to the Group's 2P reserves of 1.429 billion barrels of Oil, 241 million barrels of Oil equivalent of NAG condensate and 9.8 trillion cubic feet of NAG as of 1 January 2023, totalling 2P reserves of 3.324 billion barrels of Oil equivalent, and 2P reserves of 1.441 billion barrels of Oil, 305 million barrels of Oil equivalent of NAG condensate and 11.3 trillion cubic feet of NAG as of 1 January 2022, totalling 2P reserves of 3.653 billion barrels of Oil equivalent.

Significant Gas Resource Base with Access to a Large and Growing Domestic Market

Block 6 is one of two primary suppliers of Oman's growing domestic gas market as well as the country's liquid natural gas export plant. Between 2011 and 2023, Oman natural gas consumption grew at a compound annual growth rate of 5.0 per cent., and domestic gas demand is expected to continue to grow at a compound annual growth rate of 4.0 per cent over the next five years. This growth in demand for gas in Oman is driven mainly by the country's rapid industrialisation, as well as the Government's plans for gas to play an increasingly prominent role in electricity generation.

The Group receives stable and predictable cash flows from the sale of NAG at a fixed incremental transfer price. As of 1 January 2024, Block 6 had 9.6 trillion cubic feet of 2P NAG reserves. EDO Gas owns and PDO operates five key gas processing facilities in Oman with a combined gas processing capacity of 138.6 million cubic feet per day. Transfer prices are reviewed and agreed in five-year cycles to account for updates in Block 6 gas projects, macroeconomic trends and downstream gas sales agreements with end-users. This results in stable cash flows from NAG sales, which are governed by the NAG Sales Agreement.

Low Costs of Operations and Robust Asset Base

Block 6 costs of operations per barrel of Oil equivalent are among the lowest in the world due to the favourable onshore geographies in which its reservoirs are located and synergies available from the use of PDO's infrastructure and logistics networks. The Group's total cost of production was approximately US$16 per barrel of Oil equivalent for the year ended 31 December 2023, consisting of the sum of Capital Expenditure (approximately US$12 per barrel of Oil equivalent) and production expenses (approximately US$4 per barrel of Oil equivalent). For the year ended 31 December 2022, the Group's total cost of production was approximately US$16 per barrel of Oil equivalent, consisting of the sum of Capital Expenditure (approximately US$11 per barrel of Oil equivalent) and production expenses (approximately US$5 per barrel of Oil equivalent). For the year ended 31 December 2021, the Group's total cost of production was approximately US$13 per barrel of Oil equivalent, consisting of approximately US$10 per barrel of Oil equivalent of Capital Expenditure and approximately US$3 per barrel of Oil equivalent of production expenses. This low-cost base enables the Group to generate sustainable cash flows during periods of relatively high Oil prices while enabling it to maintain positive cash flows during periods of relatively low prices. The increase between 2022 and 2021 is primarily due to inflation and lower NAG and NAG condensate production.

The following table sets out the Group's Capital Expenditure and production expenses for the periods indicated.

	Year ended 31 December		
	2023	2022	2021
		(US$'000)	
Capital Expenditure	3,818,818	3,455,413	3,232,703
Production expenses	1,115,911	1,412,711	895,198

Successful Track Record of Project Delivery and Further Upside from Exploration and EOR Projects

PDO has a track record of project delivery with significant experience in delivering development projects, enabling the Group to act as Oman's swing gas producer, increasing or decreasing production for Oman based on market price fluctuations. During the year ended 31 December 2023, PDO completed 19 development projects, compared to ten projects in 2022, six projects in 2021. Eighteen projects are scheduled for completion in 2024. In 2023, PDO's Exploration Directorate booked a total of 120 million barrels of Oil (125 million barrels of Oil in 2022 and 110 million barrels of Oil in 2021) and approximately 1.42 trillion cubic feet of NAG (0.34 trillion cubic feet of NAG in 2022 and 0.37 trillion cubic feet of NAG in 2021) as Recoverable Contingent Resource volumes. PDO also drilled 38 Oil and gas exploration wells in 2023, 29 of which targeted Oil prospects and nine of which targeted gas prospects. This was an increase of approximately 40 per cent., as compared to 27 Oil and gas exploration wells in 2022 and 42 Oil and gas exploration wells in 2021, and reflects the increase in the activity levels of Program Build 23, which started in 2023, for a period of five years. Furthermore, during 2020 a number of Oil discovery wells were connected early for production resulting in the delivery of an average of more than 1,900 barrels of Oil per day in 2020 and peak production of approximately 2,500 barrels per day in November 2020.

In the long term, PDO intends to shift its focus to more complex sour and EOR projects that require steam or chemicals. PDO operates a number of commercial-scale EOR projects (including chemical EOR, miscible gas injections and thermal applications) that the Group considers to be important for the maintenance and increase of Block 6 production going forward. As of 31 December 2023, PDO operates or is developing 22 EOR projects, pilots and concepts, including operating the major EOR field developments known as Marmul Polymer, which uses chemicals to recover Oil and has produced approximately 8,000 barrels of Oil per day over the years since it was commissioned in 2010, and Rabab Harweel, a gas injection project at which gas recycling into the Rabab gas field has reached 5 million cubic metres per day. In addition, the Amal Steam Injection project was commissioned in 2012 (drilling began in 2010). The Amal Steam Injection project aims to increase the recovery of Oil from the Amal field from 9 per cent. to 21 per cent. through steam injection. The continuous steam injection is expected to enhance the mobility of the viscous Oil that is produced though the Steam Assisted Gas Oil Gravity Drainage recovery mechanism. This is the first EOR project of its kind in a sandstone Oil reservoir at this scale in the world. Following a steady ramp up of steam injection, production is expected to rise and reach a plateau rate of approximately 31,000 barrels per day by 2035. Cumulative production from the field was 195 million barrels as at 1 January 2024, with 70 per cent. of production coming from the Amal Steam Injection project. Production from the Amal Steam Injection project averaged 25,000 barrels per day and 20,200 barrels per day for the years ended 31 December 2022 and 2023, respectively. For more information on PDO's EOR projects, see "*Operations—Reservoir Management and Production Strategy—Oil—Enhanced Oil Recovery*". EOR projects will continue to be a core focus for PDO as it endeavours to further optimise its production. The Group estimates that by 2025 more than 18 per cent. of PDO's Oil production will come from EOR projects, compared to 14 per cent. in 2022. The Group expects this amount to increase to 18 per cent. of its production by 2025 and 36 per cent. of its production by 2030.

Focus on Environmental, Sustainability and Safety Performance

The management of health, safety and the environment ("**HSE**") is a cornerstone of PDO's operational activities and projects. While Oil and gas are fundamental to the Group's energy mix, PDO is developing innovative renewable solutions to create new growth opportunities in line with its aim of transitioning to being a diversified energy company by leveraging new technology, collaborating with partners and improving the business' overall energy efficiency and water management. PDO was one of the first companies in the Middle East to obtain an ISO 14001 environmental management system certification. It continuously strives to protect Oman's environment by decreasing pollution and enhancing its environmental performance across a range of areas, including Oil spills and waste management. For example, as part of its focus on Oil spill management, PDO has increased preventive maintenance activities and regular inspections. It also has an ongoing programme of extending the life of the existing pipelines. In 2023, the number of spills over one barrel (0.16 cubic metres) per million tonnes of Oil production decreased to 0.06 compared to 0.09 in 2022 and 0.47 in 2021. The quantity of Oil spilled over one barrel (0.16 cubic metres) per million tonnes of Oil production decreased to 0.01 from 0.05 in 2022 and 1.12 in 2021. PDO has not had a major spill in 2023 or 2022. PDO defines a major spill as a spill that is greater than 10 cubic metres.

PDO has a set commitment to reach Net Zero Emissions by 2050 with an interim aspiration of a 50 per cent. GHG emissions reduction by 2030 from its 2019 baseline. This target is aligned with Oman's climate change goals. Whilst PDO's actual GHG emissions were below the target in 2023, flaring levels exceeded the 2022 levels and were above the 2023 target due to project delays and operational challenges at the Yibal Kuff facility where unit constraints resulted in increased flaring and at the Marmul facility, where the commissioning of a new gas flotation tank, the unavailability of gas turbines and compressor stability issues also contributed to the increase. The optimisation of the routine flaring projects to meet the Zero Routine Flaring commitment was completed to further optimise cost and schedule through competitive reviews with Shell as part of the GHG Strategic Alliance and PDO's agile approach. The Business Plan for routine flaring roadmap was presented at the 2023 November PDO Board meeting and further articulated in a letter to the Ministry of Energy and Minerals on the investment decision and path forward for the remaining residual routine flaring gap beyond 2027.

A commitment to sustainable operations is a core objective and value driver of PDO. In 2021, PDO pledged to become a net-zero emission energy company by 2050. PDO's 2030 energy management strategy targets GHG reduction, developing alternative GHG sinks to offset residual emissions, improving energy efficiency and diversifying the energy mix. PDO's energy management strategy includes a GHG reduction roadmap focusing on improvement initiatives in flaring, power generation and consumption efficiency. Key targets include, amongst others, zero routine flaring, a goal of net-zero emissions by 2050 and an increase in renewable energy capacity to a cumulative GHG reduction of 6 million tonnes by 2030, 30 per cent. renewable capacity penetration by 2025 from 4 per cent. in 2019. See "*Environmental, Social and Governance—Environmental—Energy Management Strategy*". PDO's Managing Director Committee has a dedicated Energy Management sub-committee to bring additional focus to the GHG reduction targets that the company has set.

As part of its energy management strategy and its commitment to the Oman Energy Master Plan 2040, PDO has been developing renewable energy sources and projects to use in its operations. PDO has identified large capacity renewable energy projects as a core business activity and plans to implement large-scale solar and wind projects within Block 6. Key renewable energy projects currently in operation include the Amin Solar project, the Nimr Reed Beds, the Miraah solar project and the Solar PV car park. See "*Environmental, Social and Governance—PDO*". PDO also provides support to national new energy initiatives led by the Ministry of Energy and Minerals, for example, through the National Hydrogen Alliance aimed at strengthening Oman's position for development.

In 2022, as a result of the implementation of flaring recovery projects, renewable energy projects and certain other wetland and waste recovery projects, PDO reduced its total GHG emissions by almost 3.59 million

tonnes of carbon dioxide equivalent compared to a business-as-usual scenario. These reductions have led PDO to compare favourably against leading Oil and gas "majors" when benchmarking carbon emissions intensity, with PDO's upstream carbon emissions intensity falling by 7 per cent. from 0.19 to 0.18 tonnes of carbon dioxide equivalent tonnes of hydrocarbon (tCO_2e/tHC) in 2022.

The following table sets out PDO's Scope 1 and Scope 2 GHG total absolute emissions during the last three years:

	2023	2022	2021
	(Million tonnes of CO2)		
Scope 1[(1)]	10.4	10.5	10.6
Scope 2[(2)]	0.06	0.06	0.05
Total	**10.5**	**10.6**	**10.7**

Notes:

(1) Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by PDO

(2) Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling, in order to operate PDO's Muscat premises.

Safety is PDO's overarching priority, with the company focused on "Goal Zero – No harm to people, environment and assets". The company is committed to making continuous improvements to Asset Integrity and Process Safety Management ("**AI-PSM**") by enhancing the knowledge of its employees and contractors and by implementing the latest tools, technologies and expertise. In recent years, PDO has achieved improvements in safety performance through the establishment and maintenance of focused programmes and initiatives across high-risk safety areas such as commuting and road safety, worksite hazards, drilling activities and contractor HSE management. For example, several programmes have been launched focusing on field vehicles inspection and live monitoring of transportation and road activities through integrated journey management systems and in vehicle monitoring systems. Similarly, in 2020, PDO launched campaigns focusing on improving safety culture for its employees and contractors through a "Ihtimam" or "I Care" behaviour-based safety programme pursuant to which staff are trained to report safe and unsafe acts and to implement the necessary controls for unsafe acts and safety hazards. Other programmes have focused on addressing safety hazards from drilling activities through focused training of drilling staff and supervisors and an awareness campaign outlining key hazards (i.e., dropped objects in drilling sites). PDO has also invested in maintaining effective communication between its team and the leadership teams of its contractors through joint visits and engagement.

With regards to safety performance, the Total Recordable Case Frequency of all injuries per million working hours has decreased from 0.98 in 2013 to 0.57 in 2023, and the Lost Time Injury Frequency (as defined below) has decreased from 0.26 in 2013 to 0.12 in 2023. These decreases were due to achievements in the area of asset integrity and process safety management.

In 2022, PDO embarked a Safety Refresh programme to sustain the above programmes and to address the increases in the number of fatal incidents and lost time injuries experienced in 2021. The programme focuses on six key areas; safety leadership, learner organisation, hazard and risk management, road safety, process safety and contractor HSE management. Each focus area is underpinned by a detailed action plan. To drive the objectives of the programme, PDO also launched the CEO HSE forum in order to partner with contractors to drive the Safety Refresh through visible safety leadership. In addition, since the majority of fatal incidents in 2021 and 2020 were related to road transport, in early 2022 PDO enhanced and rolled out its road safety standard with additional safety features and requirements. Moreover, in 2022 PDO also conducted a road

safety deep learning review to better understand what is impacting road safety performance. The review concluded with 14 recommendations that are being detailed in an integrated action plan. The recommendations will address subcontractor management, driver welfare, fleet utilisation, communication, Road Safety data and compliance to standards. In 2023, PDO improved its safety performance with zero fatal incidents.

Highly Experienced Senior Management Team and Board of Directors

The Group is led by a highly experienced senior management team. The Group's CEO, Mazin Al Lamki, has more than 22 years of international experience in the Oil and gas sector across various commercial and operational functions. Prior to joining the Group, he was the Chief Operating Officer at Mubadala Petroleum LLC. The Group's CFO, Sultan Al Mamari, has more than 20 years of experience in the Oil and gas industry in Oman. The Group's COO, Azhar Al Kindi, has over 20 years of experience in the global energy industry. Prior to joining the Group, he was COO and Deputy CEO at Petrogas E&P LLC. The other members of the Group's senior management team collectively have extensive experience in the Oil and gas sector.

The composition of the Board of Directors highlights the importance of the Group to the Government. The Board of Directors consists of five non-executive directors appointed by His Majesty the Sultan. It comprises H.E. Salim bin Nasser Al Aufi (Minister of Energy and Minerals), H.E. Abdullah bin Salim Al Harthi (the Undersecretary of the Ministry of Finance), Mohsin bin Hamed Al-Hadhrami (Undersecretary of the Ministry of Energy and Minerals), Mulham bin Basheer Al Jarf (Deputy President of the Oman Investment Authority ("**OIA**")) and H.E. Nasser bin Khamis Al Jashmi.

Strategy

The Group's primary objective is transformational value creation in Oman's energy sector through realising efficiencies and pursuing new growth opportunities.

In line with Oman's Vision 2040, the Group has set an ambitious vision to be a world-class partner for growth that drives a sustainable energy future. The Group's overarching objectives are to strengthen its core business against market volatility and energy transition challenges, and to become an integrated energy company with capabilities beyond Oil and gas while maintaining a stable capital structure. In achieving these objectives, the Group expects to remain a stable source of income for the Government and to support the Omani economy.

The Group's strategy is based on five key pillars:

- **Block 6 and Beyond**: the Group will seek to strengthen its position in the Oil and gas industry by realising efficiencies in the Group's core Block 6 Operations while pursuing attractive Oil and gas opportunities beyond Block 6. Gas production has become increasingly important in recent years. The Group seeks to improve the efficiency and synergy of NAG production, and thus to maximise value, through the establishment of a stand-alone gas operation. The Group believes that potential value can be unlocked and risks mitigated by accessing expertise, technology, and industry know-how. To that end, the Group is considering various options, such as increasing exploration activities, adding acreage to Block 6 to expand its resource base, and potentially introducing strategic partners. Along with the creation of EDO Gas to own and manage the Gas Operations, the Group is exploring the possibility of acquiring additional NAG acreage to expand its resource base and eventually its reserves, as well as potentially bringing in strategic partners to utilise their collective expertise, technology and industry know-how to help unlock additional value. Through these options, the Group is seeking to optimise NAG development and production costs, enhance governance, and facilitate the achievement of Oman's NAG production potential.

- **Capital Management**: The Group will seek to maximise return on capital by minimising funding costs, diversifying maturities and tapping a wide range of funding sources. The Group will also seek

to maximise return on capital by allocating resources to those opportunities that exceed its capital hurdles over the long term.

- **Oman Hydrogen**: In addition to the role of Hydrom in orchestrating the green hydrogen strategy in Oman, the Group seeks to manage the establishment of common use infrastructure for this sector and the commercialisation of excess power, ensuring tangible in-country value for Oman. Hydrom's immediate priority is the execution of the initial public auction rounds, legacy initiatives and common use infrastructure business model.

- **New Energies**: In addition to its Oil and gas activities, the Group plans to expand into new energies, in particular renewables and lower carbon alternatives, including, amongst others, hydrogen (which may include hydrogen derived from fossil fuels). To that end, the Group will seek to deploy renewables to supply the power demands of PDO's Oil and gas operations and leverage PDO's current capabilities in renewable energy developed through its work on key initiatives like the Amin Solar project, the Nimr Reed Beds, the Miraah solar project and the Solar PV car park. The Group expects that the market for clean energy in Oman will experience strong growth over the medium term and is seeking to restructure the power assets in Block 6 to realise efficiencies and pursue long-term expansion. To that end, the Group established ONE, a new direct subsidiary into which the Group is considering the transfer of the Block 6 power generation and transmission assets. This restructuring would seek to create a vehicle to expand the power and renewables market, increase efficiencies in, and enhance the governance of, the power assets, and realise synergies with other domestic power assets.

- **ESG**: The Group intends to create a sustainable future for energy in the Sultanate of Oman, through a robust ESG framework, which manages Environmental, Social and Governance risks.

The Group's diversification strategy aligns with the Government's target of increasing renewable power penetration in Oman from 5 per cent. to 39 per cent. by 2040 as part of the Oman Vision 2040. In addition to supporting the Group's sustainable energy vision, the Group expects that diversification into new energies will increase the Group's resilience against Oil and gas market volatility.

Operations

The Group's core business is focused on upstream Oil and gas exploration, development and production in Oman. Since the Gas Operations Transfer Date, EDO Gas has owned the Gas Operations of the Group. The Group is also developing renewable energy sources.

The Oil Operations and the Gas Operations, which are both operated by PDO, consist of exploring for, developing and producing Oil, AG, NAG and condensate (AG and NAG). AG condensate is commingled with Oil both operationally and legally, and AG condensate production is included within Oil production. PDO does not separately monitor or record AG condensate production. For the year ended December 2023, PDO's average daily Oil production was approximately 658 thousand barrels per day (of which the Group owned 60 per cent.), average NAG production (of which the Group owned 100 per cent.) was approximately 352 thousand barrels of Oil equivalent per day, and average NAG condensate production of approximately 97 thousand barrels of Oil equivalent per day, respectively. For the year ended 31 December 2022, PDO's average daily Oil production was approximately 661 thousand barrels per day (of which the Group owned 60 per cent.), average NAG production (of which the Group owned 100 per cent.) was approximately 379 thousand barrels of Oil equivalent per day and average NAG condensate production of approximately 100 thousand barrels of Oil equivalent per day, respectively. For the year ended 31 December 2021, PDO's average daily Oil production was approximately 635 thousand barrels per day (of which the Group owned 60 per cent.), average NAG production (of which the Group owned 100 per cent. from 6 May 2021) was

approximately 391 thousand barrels of Oil equivalent per day and average NAG condensate production of 103 thousand barrels of Oil equivalent per day, respectively.

The following table sets out key information regarding PDO.

	For the year ended 31 December		
	2023	**2022**	**2021**
Number of Oil / gas fields	250/55	244/54	233/52
Wells	14,123 (94% Oil; 7% gas)	13,086 (94% Oil; 6% gas)	12,453 (94% Oil; 6% gas)
Production stations	29	29	29
Rigs / hoists	57/51	55/51	52/51
Pipelines & flowlines (km)	>33,000	>33,000	>33,000
Wells drilled	768	715	684
Stock-tank oil initially in place (*mmbbl*)[(1)]	67,394	66,975	66,873
Gas initially in place (mmboe)[(2)]	13,877	15,104	16,999
Condensate initially in place (mmbbl)	4,448	4,948	5,476
Recoverable volumes (Oil, condensate & gas) (mmboe)	20,760	20,450	20,381
Recovery factor (Oil & gas)[(3)]	23	23	23
Gross production (kboepd)	1,107	1,140	1,129

Notes:

(1) Stock-tank oil initially in place reflects a measurement of how much Oil can be economically brought to the surface in a reservoir. Includes exploration.

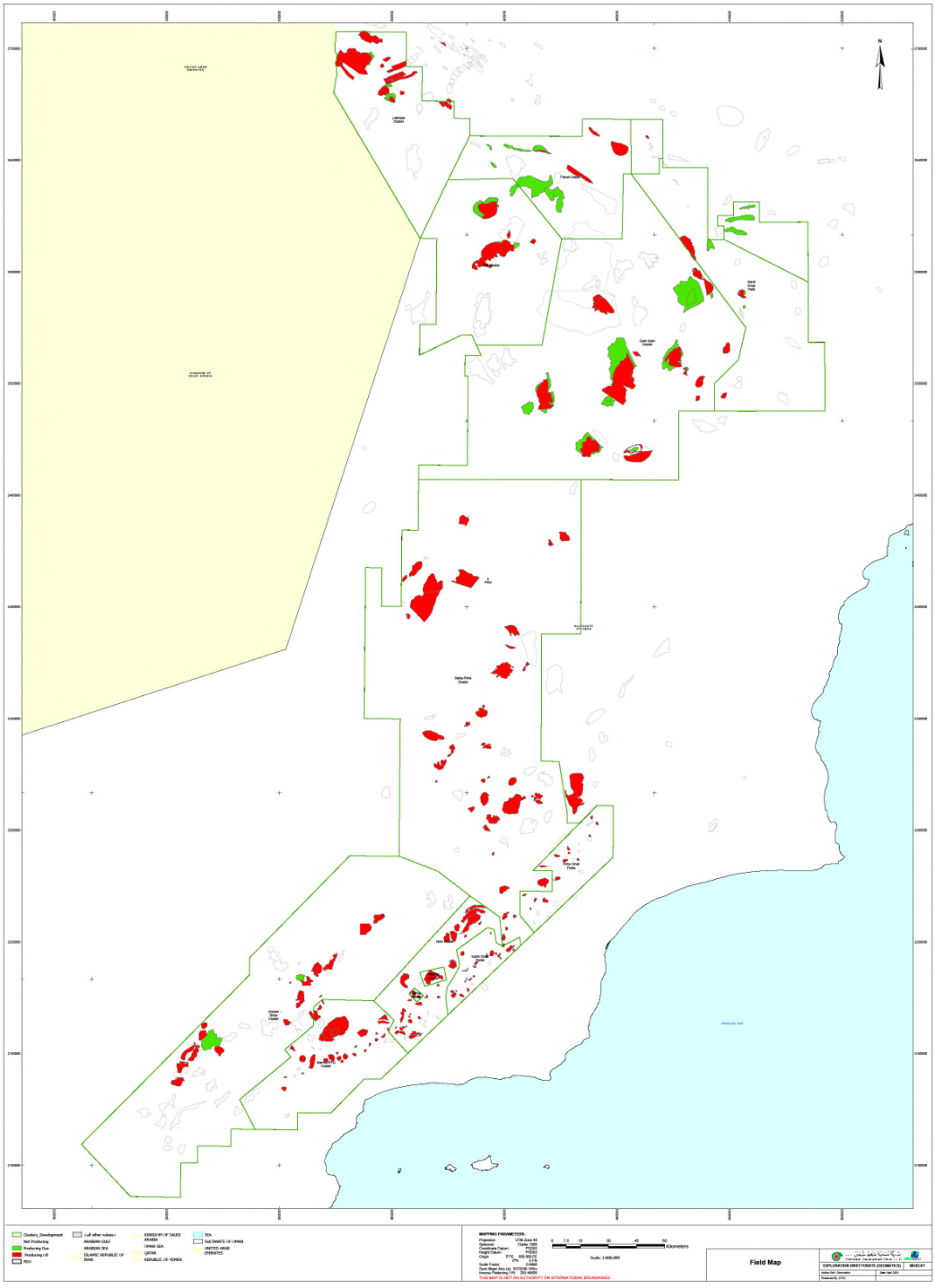
(2) Estimated measure of the total amount of gas contained in a reservoir. Includes exploration.

(3) Recovery factor is defined as the sum of production and recoverable volume divided by the amount of hydrocarbons initially in place.

Block 6

The Block 6 development is Oman's most significant Oil and gas operation. The Oil Concession area is the main onshore Oil concession in Oman and covers a surface area of approximately 75,000 square kilometres, which includes a substantial part of the Oman Mountain Foldbelt and Rub al Khali basins, including the Ghaba and Fahud salt basins. In 2022, Block 6 contained approximately 53 per cent. of Oman's Oil reserves and 41 per cent. of its NAG reserves. Block 6 extends across three of Oman's established Oil and gas producing basins of south, central and west Oman, as well as the Oman Foreland sub-basin in northern Oman. The Gas Concession includes the same geographical area as the Oil Concession, except for the areas comprised by Blocks 12, 61 and 77.

The following map illustrates the location of Block 6 and its Oil and gas fields:



As at 31 December 2023, PDO operated 244 producing Oil fields, 55 NAG fields, 29 production stations, approximately 10,415 active Oil and gas wells and more than 33,000 kilometres of pipelines and flowlines. PDO's Oil and gas fields are clustered in an asset-based structure and run through three upstream directorates: the Oil North Directorate, the Oil South Directorate and the Gas Directorate. These directorates are divided into 12 clusters: four of which pertain to the North Directorate, five of which pertain to the Oil South Directorate and three of which pertain to the Gas Directorate. The clusters are defined as bundles of interconnected fields and assets located in proximity to each other.

The Oil North Directorate covers fields that are mostly located in central Oman towards the northwestern side of the country. The directorate includes the Yibal, Yibal Khuff, Fahud, Qarn Alam, and Lekhwair Oil field clusters. Initially most of the fields were developed through primary recovery. Subsequently, some of these fields deployed secondary water-flooding development, such as line-drive water-flooding in Lekhwair, and subsequently tertiary Oil recovery, such as, gas-oil-gravity-drainage in Fahud or steam flooding thermal recovery in Qarn Alam, to recover more viscous Oil. See "*—Reservoir Management and Production Strategy—Oil*" below.

The Oil South Directorate covers Oil fields along the east side of Oman's southern basin where numerous sparse accumulations are mainly sandstone based. The directorate includes the Marmul, Nimr, Greater Birba and Bahja/Rima clusters, as well as a dedicated cluster to develop smaller, satellite hydrocarbon accumulations, known as standardised satellite fields development. Most of the fields were developed using standard primary development vertical wells. Later, secondary recovery was trialled and deployed at wider schemes commonly used in the directorate. The fields in the Marmul, Nimr and Bahja Oil field clusters now use either pattern-based waterflooding or aquifer injection secondary recovery. EOR is deployed mainly in Greater Birba using miscible gas injection light Oil recovery. Polymer EOR has been trialled and is ongoing in the Nimr and Marmul clusters. See "*Reservoir Management and Production Strategy—Oil—Enhanced Oil Recovery*" below.

The Gas Directorate includes all NAG fields in Block 6, excluding the areas comprised by Blocks 12, 61 and 77. Given the nature of heavier Oil in the Oil South Directorate, most of the gas fields and stations are located in north and central Oman. However, there are some exceptions where NAG and AG share joint facilities, such as the Rabab Harweel Integrated Project, Tayseer, and Budour. The NAG fields in the Gas Directorate are grouped into three clusters: Saih Rawl, Saih Nihayda, and Kauther. Saih Rawl is located towards the central part of Oman, Kauther is comprised of gas fields located in the northwest of Oman and Saih Nihayda covers gas fields from central Oman to the south of the country, including Rabab Harweel Integrated Project. Most of the fields were developed using primary recovery methods and later through depletion compression methods. After the central fields in Saih Rawl and Saih Nihayda were discovered and appraised, the first liquid natural gas was exported in 2000. The Kauther area was discovered and put into compression stages in the mid-2000s. The MBR field was developed in 2014 and the Rabab Harweel Integrated Project was brought onstream in 2019, making a significant contribution to NAG condensate output. The most recent project, Yibal Khuff, commenced production in 2021. The Yibal Khuff project spans an area of 1.68 square kilometres, which is the second largest project in Oman. Yibal Khuff will have the capacity to deliver five million cubic metres of NAG per day and approximately 20,000 barrels per day of Oil. Digitalisation initiatives, such as online commissioning of a steam turbine generator controls system through remote vendor support, enabled project delivery performance to be maintained during periods of travel limitations during the construction phase. See "*—Reservoir Management and Production Strategy—Gas*" below.

Reserves

As of 1 January 2024, the Group's 2P reserves were 1.578 billion barrels of Oil, 220 million barrels of Oil equivalent of NAG condensate and 9.6 trillion cubic feet of NAG, totalling 2P reserves of 3.410 billion barrels of Oil equivalent. This compared to the Group's 2P reserves of 1.429 billion barrels of Oil, 241 million barrels of Oil equivalent of NAG condensate and 9.8 trillion cubic feet of NAG as of 1 January 2023, totalling 2P reserves of 3.324 billion barrels of Oil equivalent, and 2P reserves of 1.441 billion barrels of Oil, 305 million barrels of Oil equivalent of NAG condensate and 11.3 trillion cubic feet of NAG as of 1 January 2022, totalling 2P reserves of 3.653 billion barrels of Oil equivalent.

The Oil Concession Agreement and the Gas Concession Agreement (as amended by the 2023 Gas Concession NARA) expire in 2044, or such later date as the parties agree. As part of the establishment of the Group, the Government determined fiscal terms applicable to the Group's revenues related to Block 6,

which include a combination of royalties and taxes. Given these fiscal terms are paid in cash rather in kind, no adjustment is made to reserves.

The following table sets forth estimates of the Group's participating interest in Block 6 2P reserves based on the term of the Concessions as of the dates indicated.

	Oil	NAG Condensate	NAG	Total
	(mmbbl)	*(mmboe)*	*(bcf)*	*(mmboe)[3]*
Group participating interest[1]				
Reserves as of 1 January 2024.....	1,578	220	9,557[2]	3,410
Reserves as of 1 January 2023.....	1,429	241	9,819	3,324
Reserves as of 1 January 2022.....	1,441	305	11,352	3,653

Notes:

(1) Estimates of the Group's participating interest in Block 6 2P reserves may differ from estimates of total Block 6 2P reserves due to differences in the calculation dates of each set of estimates for a period due to reallocations of reserves, amongst other things.

(2) The reduction in NAG reserves between 1 January 2023 and 1 January 2022 resulted from part of Block 6, currently known as Block 10, being transferred to Shell in 2022 pursuant to an agreement made prior to the Group's formation.

(3) Conversion rate of 5.924 scf = 1 boe for gas.

PDO manages Block 6 reserves and resources base to optimise production and maximise long-term value. PDO has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. Between 2014 and 2023, PDO's 2P reserve replacement was approximately 85 per cent. for Oil and 41 per cent. for gas and condensate (AG and NAG). The lower replacement ratio for NAG as compared to Oil resulted from the Government carve-out of a number of smaller acreages from Block 6 NAG to accelerate exploration activities. In 2023, 2022 and 2021, PDO achieved 2P reserve replacement ratios of 89 per cent., 77 per cent. and 75 per cent., respectively. The following table sets out PDO's 1P and 2P reserve replacement ratio for each of the years 2014 to 2023.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2P Reserve replacement ratio percentage.....	21%	132%	86%	49%	117%	114%	91%	75%	77%	89%

The Group's reserves as of year ends are calculated based on the results of an ARPR process conducted by PDO on behalf of the Group and pursuant to the Group's fiscal terms. ARPR is an annual review of all PDO resources conducted by asset cluster leadership, Petroleum Engineer managers and Petroleum Engineer Chief Function Heads. The outcome of this review is documented in the ARPR report. During this process, the developed reserves for all producing wells are re-evaluated by performing decline curve analysis for Oil, material balance, p/z analysis for gas, or history-matched dynamic modelling, whereas the undeveloped project status is re-assessed based on the latest business plan. Volumes are categorised as either undeveloped reserves or contingent resources in line with the resource volume classification guidelines.

The Group's 1P reserve estimates conform to the SEC Oil and gas reserves definitions, and the Group's 2P reserve estimates conform to the Society of Petroleum Engineers' Petroleum Resource Management System definitions and guidelines. The Group estimates its commercial reserves and resources based on information compiled by PDO (the appointed operator for Block 6). To estimate or update the Group's reserve estimates, the PDO upstream segment employees responsible for reserves calculations perform technical analyses that

are reviewed internally by progressively higher levels of management until finalised at year-end. The Group carries out its own internal review by an appropriately qualified person.

For the Group's 2P reserves, the OEB price is kept constant for the life of the Oil Concession (e.g., until 2044) at US$55 per barrel for year one and thereafter a 3 per cent. annual increase is assumed for the life of the Oil Concession while for 1P reserves the OEB price is kept constant at $82.77 per barrel as per SEC guidelines. The NAG price until 2025 is set out in the NAG Sales Agreement, while future gas prices will be agreed between EDO Gas and IGC Oman in accordance with the methodology set out therein. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Supply, Demand and Price of Hydrocarbons—NAG*". The price is then subject to change and is estimated by the Group on a five-year cycle basis.

The Group retained independent petroleum consultants, Sproule B.V., to independently audit the Group's reserves as of 1 January 2024. A copy of the Third-Party Reserves Report, which describes its procedures, conclusions and assumptions, is set out in Appendix C to this Base Offering Circular. The technical personnel responsible for preparing the Third-Party Reserves Report meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. Sproule B.V. is an independent consultancy firm and does not own an interest in the Group's properties and is not employed on a contingent fee basis.

Production

For the year ended 31 December 2023, PDO produced approximately 658 thousand barrels of Oil equivalent per day, compared to approximately 661 thousand barrels of Oil equivalent per day for the year ended 31 December 2022. The Group's participating interest in these barrels, was approximately 395 thousand barrels of Oil equivalent per day for the year ended 31 December 2023 and 396 thousand barrels of Oil equivalent per day for the year ended 31 December 2022. For the year ended 31 December 2023, average NAG production was approximately 352 thousand barrels of Oil equivalent and NAG condensate production was approximately 97 thousand barrels of Oil equivalent per day, respectively.

For the year ended 31 December 2022, PDO produced approximately 661 thousand barrels of Oil equivalent per day, compared to approximately 628 thousand barrels of Oil equivalent per day for the year ended 31 December 2021. The Group's participating interest in these barrels, from 24 February 2021, was approximately 396 thousand barrels of Oil equivalent per day for the year ended 31 December 2022 and 376 thousand barrels of Oil equivalent per day for the year ended 31 December 2021. For the year ended 31 December 2022, average NAG production was approximately 379 thousand barrels of Oil equivalent per day and NAG condensate production was approximately 100 thousand barrels of Oil equivalent per day, respectively, in which the Group had a 100 per cent. participating interest in NAG and NAG condensate from 6 May 2021.

PDO has maintained stable total production of between 1.0 million and 1.1 million barrels of Oil equivalent (of which the Group owned 60 per cent. of the Oil and 100 per cent. of the NAG and NAG condensate) for more than 10 years, with total Oil, NAG and NAG condensate production exceeding 0.9 million barrels of Oil equivalent per day since 2000.

The following table sets out PDO's total production, and the Group's participating interest therein, for the periods indicated:

	For the year ended 31 December		
	2023	**2022[(2)]**	**2021[(2)]**
PDO			
Oil (*bbl/d*)	657,599	660,894	634,532
NAG condensate (*boe/d*)	97,426	100,172	103,310
NAG (*boe/d*)	352,251	378,976	391,340
Total (*boe/d*)	**1,107,276**	**1,140,042**	**1,129,182**
Group's participating interest[(1)]			
Oil (*bbl/d*)	394,559	396,536	380,719
NAG condensate *(boe/d*)	97,426	100,172	103,310
NAG (*boe/d*)	352,251	378,976	391,340
Total (*boe/d*)	**844,236**	**875,684**	**875,369**

Notes:

(1) Includes FSA Barrels for all periods other than for the year ended 31 December 2023.

(2) We have made certain revisions to the 2022 and 2021 production information to correct errors identified during the compilation of PDO's production information for 2023. PDO does not consider these changes to be material. The original figures are included below for the information of investors.

	For the year ended 31 December	
	2022[(2)]	**2021[(2)]**
PDO		
Oil (*bbl/d*)	659,752	634,532
NAG condensate (*boe/d*)	99,453	102,264
NAG (*boe/d*)	371,147	385,323
Total (*boe/d*)	**1,130,352**	**1,122,119**
Group's participating interest		
Oil (*bbl/d*)	395,851	380,719
NAG condensate *(boe/d*)	99,453	102,264
NAG (*boe/d*)	371,147	385,323
Total (*boe/d*)	**866,452**	**868,306**

Reservoir Management and Production Strategy

Oil

PDO actively manages Block 6 reserves base in accordance with Oman's laws and regulations as well as industry best practices to optimise production from existing Oil and gas fields, so as to maximise short-term and long-term value without risking production sustainability. Because of the size and number of its fields as well as its spare capacity, PDO maintains its desired level of overall production by tapping into new

reservoirs when required to improve long-term value through portfolio capacity optimisation. This approach, which differs from the typical industry practice of maximising production rates per field, is more capital efficient given the nature of the resources available and leads to stable production and higher ultimate Oil recoveries. PDO also acts as Oman's swing producer, which requires it to operate in a highly dynamic mode to compensate for unplanned third-party production variations with local customers. For the year ended 31 December 2023, PDO delivered 768 wells at a new drilling non-productive time ("**NPT**") of 4.8 per cent., compared to 714 wells at an NPT of 6.6 per cent. for 2022 and 692 wells at an NPT of 7 per cent. for 2021.

Most of PDO's Oil fields have been producing for many decades at depletion rates of 5 per cent. to 15 per cent. per year relative to estimated ultimate recovery. As of 31 December 2023, approximately 40 per cent. of PDO's proved Oil reserves were in reservoirs that were less than 75 per cent. depleted.

PDO aims to increase the recovery of its reserves through secondary and tertiary recovery techniques. As of 31 December 2023, approximately 50 per cent. of PDO's Oil reserves had a recovery factor of less than 20 per cent. Oil recovery is separated into primary, secondary and tertiary phases. Primary Oil recovery is limited to hydrocarbons that naturally rise to the surface or those that use artificial lift devices. Secondary recovery employs water and gas injection, displacing the Oil and driving it to the surface. Tertiary Oil recovery is also referred to as enhanced Oil recovery, or EOR, and is a process which enables operators to extract Oil from reservoirs where conventional methods such as water flooding are no longer efficient and practical. PDO's success in EOR is important to delivering the company's current and future production. In 2023, 36 per cent. of PDO's Oil production came from primary recovery, 50 per cent. came from secondary recovery and 14 per cent. came from EOR. In 2022, 35 per cent. of PDO's Oil production came from primary recovery, 51 per cent. came from secondary recovery and 14 per cent. came from EOR. In 2021, 33 per cent. of PDO's Oil production came from primary recovery, 53 per cent. came from secondary recovery and 14 per cent. came from EOR. By 2025, the Group expects 36 per cent. of PDO's Oil production to come from primary recovery, 48 per cent. to come from secondary recovery and 16 per cent. to come from EOR projects. By 2030, the Group expects 38 per cent. of PDO's Oil production to come from primary recovery, 49 per cent. to come from secondary recovery, and 26 per cent. to come from EOR projects.

Enhanced Oil Recovery

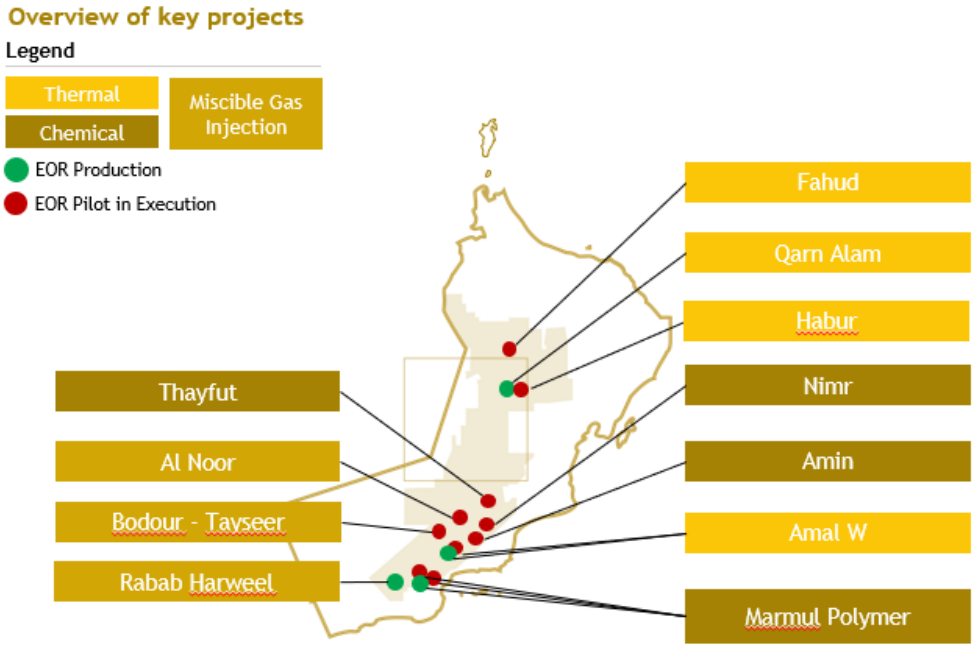
The three primary methods of EOR are miscible gas injection, thermal injection and chemical injection. PDO is one of the few Oil companies in the world that uses all three methods of EOR at full scale, ensuring that Oil and gas production remain an important contributor to Oman's economy.

The most common form of EOR is miscible gas injection, which consists of injecting a gas or a mixture of gases that mix (or become miscible) with the reservoir Oil. This process maintains the pressure in the reservoir and improves Oil displacement by reducing the interfacial tension between gas and Oil. Typical gases that are injected include carbon dioxide, natural gas and nitrogen. PDO uses miscible gas injection at the Greater Birba Cluster, which includes the currently operating Rabab Harweel Integrated Project.

Thermal injection involves using various methods to heat Oil to reduce its viscosity and/or vaporise it so as to decrease its mobility ratio. The increased heat reduces surface tension and increases the flow of the Oil. Methods of thermal injection include cyclic steam injection, steam flooding and combustion. PDO uses thermal injection at two of its projects, including the Qarn Alam project, which was the first project to use thermal-assisted gas-Oil gravity drainage in fractured carbonated rock when it began operations in 2010, Amal West and Amal East, which use steam drive and cyclic steam, respectively. PDO's Miraah solar plant delivers steam to Amal West. See "*—Environmental, Social and Governance—Environmental—Historical Environmental Key Performance Indicators—Renewable energy*".

Chemical injection involves the injection of chemicals into reservoirs to aid mobility and reduce surface tension, allowing operators to extract more Oil from reservoirs. At Marmul, PDO injected polymer into water to make it thicker and more viscous, giving it a closer mobility to Oil and thereby making it easier to displace Oil towards production wells. The injected polymer improves water's lateral and vertical sweep of Oil.

As of the date of this Base Offering Circular, PDO operates or is developing 22 EOR projects, pilots and concepts, including operating the major EOR field developments known as Marmul Polymer, Qarn Alam, Amal W, and Rabab Harweel. The following map illustrates the location of some of PDO's major EOR projects. Projects highlighted in green are in operation as of the date of this Base Operating Circular and projects highlighted in red are pilot projects in development.



The Marmul Polymer Phase 1 and Phase 2 projects were commissioned in 2010 and 2015, respectively. More than 23 million barrels of Oil have been delivered as a result of polymer injection at the Marmul Field to date. The Marmul Polymer Phase 3 ("**MPP3**") project, which is currently under development, is expected to develop 10.67 million cubic metres (67.1 million bbl) of incremental Oil, resulting in an increase in total expected peak oil production of 15,000 Sm3/day. This is a key contributor project to the PDO growth programme. MPP3 originally consisted of both infill drilling and polymer flooding throughout the rest of the Al Khalata reservoir and waterflood infill development planned for Haima West (HW).

The Amal Steam Injection project was commissioned in 2012 (drilling began in 2010). The Qarn Alam Steam Project aims to increase the recovery of the Qarn Alam field from 9 per cent. to 21 per cent. by producing an additional 97 million barrels through steam injection. The continuous steam injection will enhance the mobility of the viscous oil that is produced though the Steam Assisted Gas Oil Gravity Drainage recovery mechanism. This is the first EOR project of its kind in a fractured carbonate Oil reservoir at this scale in the world. Following a steady ramp-up of steam injection, production is approximately 25,000 barrels per day. Cumulative production from the field reached over 117 million barrels by 31 December 2023, with 100 per cent. of production coming from the steam project following commissioning in 2011.

Miscible gas injection in the Sakhiya field began in mid-2015 as part of the mini-flood project. It has shown high injectivity, reaching up to 2.5 million cubic metres per day from three injectors. As of 31 December 2023, around 4.9 billion cubic metres of gas have been injected, and a positive reservoir pressure response continues to be observed.

The Rabab Harweel Integrated Project, commissioned in 2019, is PDO's largest and most capital intensive project to date. As of 31 December 2023, 53 wells, comprising 21 injectors and 32 producers, out of the planned 55 wells (21 injectors and 34 producers), have been drilled. Gas recycling rates into the Rabab gas field have reached 5.5 million cubic metres per day, while miscible gas injection into the Sakhiya and Dafaq fields is nearly at the 2023 target of roughly 8.6 million cubic metres per day. Additional Oil produced due

to miscible gas injection is about 29 million barrels from Sakhiya A2C and 8.7 million barrels from Sakhiya A3C. Expected total recovery rates with miscible gas injection in the Sakhiya A2C and A3C reservoirs are approximately 50 per cent. and 35 per cent., respectively.

The Harweel 2AB project, which forms part of the Rabab Harweel Integrated Project, began miscible gas injection in April 2014, and is currently injecting three million cubic metres per day into the Zalzala Oil field. As of 31 December 2023, approximately 8.6 billion cubic metres of gas have been injected. The injection process has elicited a positive response, with Oil production totalling 45 million barrels to date, and pressure levels above the minimum miscibility requirements across the field. The anticipated overall recovery rate is approximately 50 per cent.

The Al Noor Phase 3A miscible gas injection project began in 2015 and initially had low uptime and availability. However, intense efforts to improve the project have made solid progress since 2019. As of 31 December 2023, 2.4 billion cubic metres of gas have been injected, and a positive response in reservoir pressure has been observed. The incremental oil production due to miscible gas injection is around 12.1 million barrels. The expected total recovery with miscible gas injection is approximately 17 per cent.

PDO's projects within the Greater Birba Cluster, including the Rabab Harweel Integrated Project and the Birba Budour Integrated Project, are leading the development of EOR miscible gas injection, with over 65 per cent. of production now utilizing this technique. Key future projects, such as phase 2 of the Rabab Harweel Integrated Project and the Birba Budour Integrated Project, are in development and are expected to come on-stream in 2030, which will sustain the current production levels at the station.

In Amal West and Amal East, there are over 400 active thermally compliant wells (producers, injectors and observation wells) which are being developed with thermal steam injection generated by Miraah solar and heat recovery steam generators in Amal West and once-through steam generators in Amal East demonstrating a thermal response in both fields.

Quality

All Oil volumes in Oman are comingled by the Ministry of Energy and Minerals and sold as OEB. OEB quality is measured primarily based on density, which is measured as API gravity, which is the specific gravity scale developed by the API, and sulphur content. It represents the inverse measure of liquid hydrocarbon density against water, with lighter hydrocarbon liquids having higher API gravities. API gravity is used to classify Oil by weight (i.e. light, medium and heavy), which is the largest determinant of market value. Oil with higher API gravities is more valuable because it allows refineries to produce a greater percentage of high-margin products from the Oil, such as gasoline and diesel fuel, than those with lower API gravities. Sulphur content also affects the value of Oil. Since sulphur must be removed prior to Oil being refined into other products, Oil with lower sulphur content has a higher value. As of 31 December 2023, OEB had an API gravity of 34.2 and a sulphur content of 1.34 per cent.

Gas

PDO's gas management and production strategy focuses on maximising economically recoverable gas using the best available methods and technologies. PDO's primary production strategy is focused on pressure depletion at moderate rates, with no aquifer support and little water production expected. The gas fields also make extensive use of advanced technologies (for example, horizontal, multilateral, extreme reach wells, multi-stage fracturing and underbalanced coiled tubing drilling), with compression projects being planned to extend field plateaus. Due to demand patterns, with higher summer utilisation and lower winter production, there is significant opportunity to optimise value. The spare capacity afforded by low winter demand enables PDO to optimise value by balancing production between relatively mature fields with high-value liquids content and newer fields with longer remaining plateau production but lower liquids content. The utilisation pattern also allows efficient maintenance planning for long-term capacity optimisation.

Gas injection processes are used to support the development of Oil fields across PDO. This gas provides fuel for power generation, oil and gas processing (compression, heating, blanketing and flare purging) and for steam generation. In addition, it is used for injection to maintain pressure in the GOGD processes or further enable EOR miscible gas drive.

Exploration and Development

PDO's exploration activities are conducted by its Exploration Directorate. The mission of PDO's Exploration Directorate is to safely and efficiently explore and conduct early maturation of commercially viable Oil and gas opportunities in Block 6. Its aim is to support near-term value generation and long-term production sustainability for PDO and its stakeholders. PDO's Oil and gas exploration strategy focuses on accelerating the maturation of high value opportunities that can be monetised early in addition to contributing to its production targets. PDO applies the latest Ultra High Productivity ("**UHP**") and 3D Wide Azimuth Seismic ("**3D WAZ**") data acquisition, processing and analysis techniques to continuously strengthen and diversify the Oil and gas portfolio in Block 6. The diversity of the portfolio allows activity planning and execution options that support both short-term delivery and sustained long-term growth.

PDO's current Oil and gas exploration activities are focused on maximising the potential from 3D WAZ seismic data to open new stratigraphic reservoirs in new areas in the North and South of Block 6. In addition, activities are focused on improving the discovery success rate, especially in novel and high potential stratigraphic reservoirs. PDO uses drones to assist it in detecting leaks in its facilities and for other monitoring. Oil and gas exploration activities in the North of Block 6 have tested and proven new trapping concepts in the mature and proven reservoirs of Shuaiba and Miqrat, which opened the potential for extending the creaming curves of these reservoirs in the future. Most of the activities in the Central and Southern areas of Block 6 have targeted the proven reservoirs of Gharif and the carbonate Ara stringers. New stratigraphic reservoir units close to existing production facilities were also targeted which allowed for the early monetisation of the discoveries.

PDO's growth and portfolio rejuvenation projects and studies are conducted to support exploration activities in the short and long term. In 2023, the projects covered proven reservoirs like Natih, Shuaiba, Mesozoic classics, Gharif, Al-Khlata and Amin, and frontier reservoirs like Dhurma, Sudair, Khuff and Huqf clastics. In total, 17 geological projects were completed across Block 6 during 2023.

For the year ended 31 December 2023, a total of 276 million barrels of Oil and 0.75 trillion cubic feet of NAG were booked as Commercial Contingent Resource volumes for 2023, 97 million barrels of Oil and 0.36 trillion cubic feet of NAG for and 94 million barrels of Oil and 0.62 trillion cubic feet of NAG for 2021. The overall unit finding cost was US$0.9 per barrel of Oil equivalent for the year ended 31 December 2023 compared to US$1.5 for 2022, US$1.4 for 2021 and US$1.4 for 2020. PDO drilled 38 Oil and Gas exploration wells for the year ended 31 December 2023 compared to 25 for 2022 and 39 for 2021.

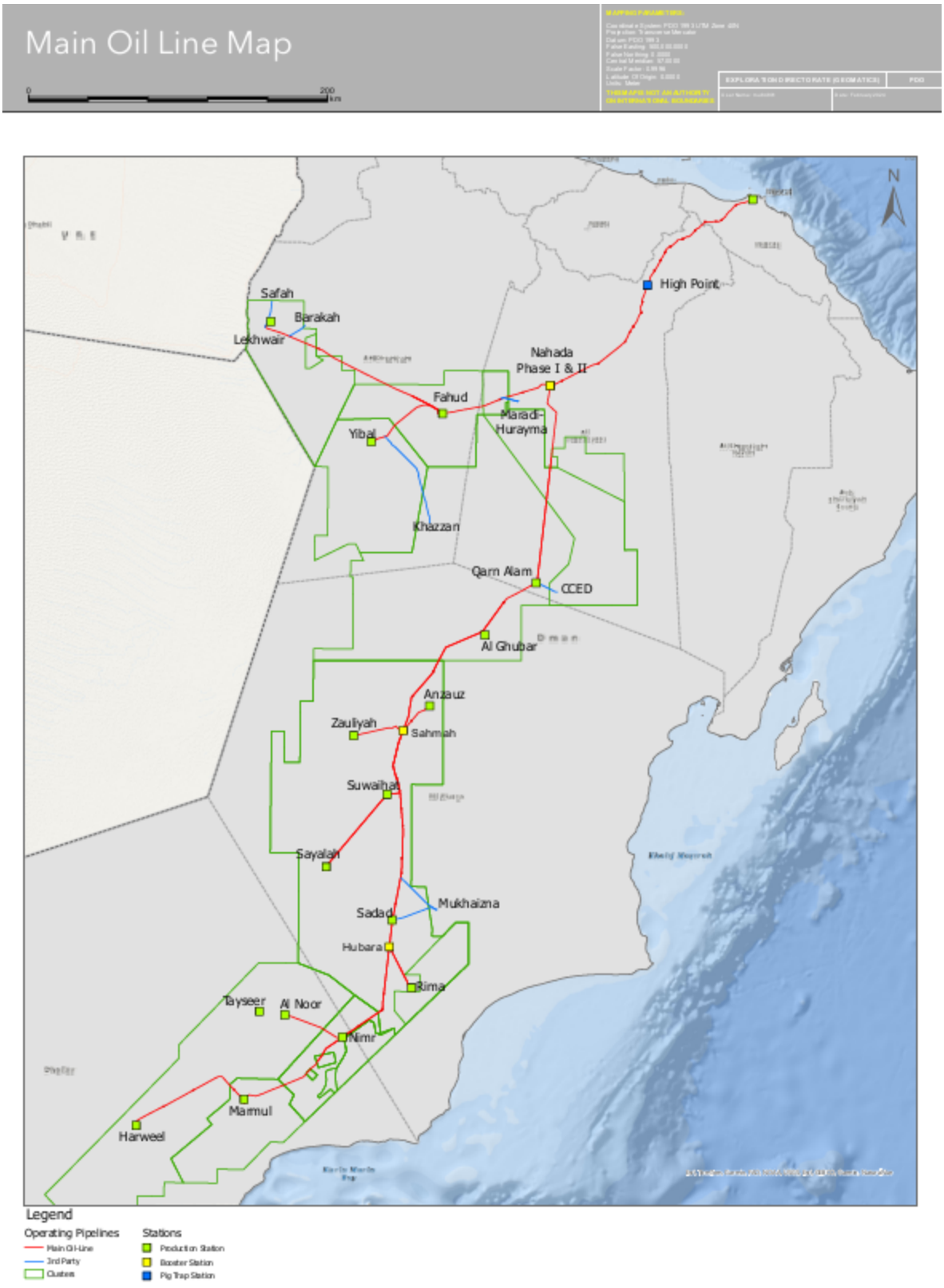
Infrastructure

Oil

PDO's Oil fields are linked to an extensive network of pipelines, booster stations and metering facilities that enables it to send produced Oil to Oman's main Oil terminal at Mina al Fahal for processing, stabilisation and shipping. The Group owns and PDO operates all of Oman's Oil infrastructure network, including pipelines, booster stations and metering systems. This network consists of the Main Oil Line system, booster stations and metering facilities. The Main Oil Line system transports all of the Oil produced in mainland Oman, including volumes produced from third-party producers, from PDO's Oil fields to the coastal terminal at Mina al Fahal. The Main Oil Line system comprises over 1,800 kilometres of pipelines ranging from six inches to 42 inches in diameter and has a maximum transportation capacity of 1.4 million barrels per day. PDO operates four major Oil pumping stations along the Main Oil Line, at Hubara, Sahmah, Qarn Alam and Nahada, which adjust pressure and pump Oil along the line while monitoring flow and other information

about the transmittal. PDO plans to continue to invest in the Main Oil Line to maintain the integrity of the Oil pipeline network. For the year ended 31 December 2023, the Main Oil Line transported an average of 1.2 million barrels of Oil per day. The Main Oil Line transported an average of 1.2 million barrels of Oil per day in 2022 and 1.1 million barrels of Oil per day in 2021.

The following map illustrates the Main Oil Line network and pipeline infrastructure.



The terms under which PDO provides access to the Main Oil Line (and the Mina Al Fahal storage and loading terminal) to third-party operators are set out in Crude Oil Handling and Transportation Agreements ("**COHTAs**") which are executed with each operator and address, *inter alia*, capacity allocation, quality specifications, risk of loss, line-fill and terminal stock, liftings and the payment of a tariff per barrel.

As of 31 December 2023, PDO transported Oil for twelve counterparties in Oman. All Oil transportation is undertaken in accordance with the terms and conditions for PDO's transportation services, which, among other matters, provide that PDO will not be subject to any liability arising out of PDO's performance under the COHTA, except in cases of wilful misconduct or gross negligence. Oman has Oil storage facilities at Mina al Fahal with a capacity of 5.4 million barrels and two single export buoy moorings which berth approximately 350 Oil tankers annually.

Gas

The Group owns and PDO operates a total of five gas processing facilities in Oman, which comprise the majority in number of the major gas processing facilities in the country. Total volumes exported during the years ended 31 December 2023, 2022 and 2021 were approximately 406,000, approximately 460,000 and approximately 471,000 barrels of Oil equivalent per day, respectively.

Key details regarding the Group's five key gas processing facilities are set out below.

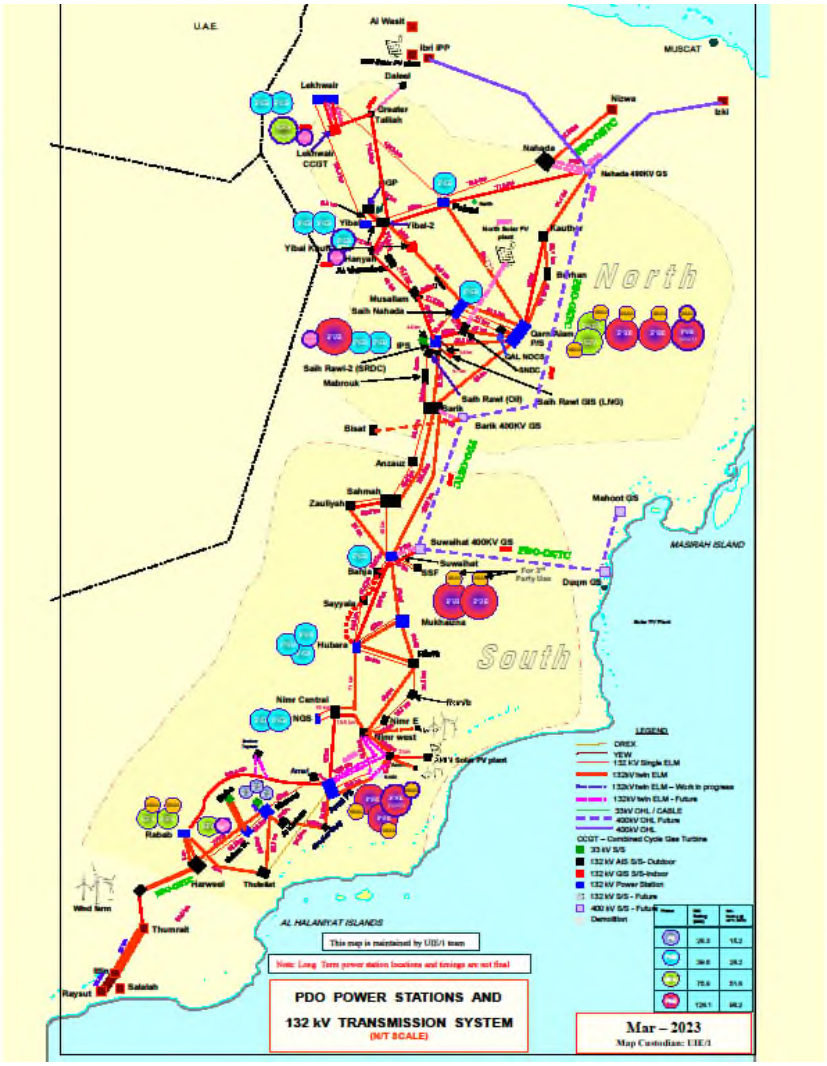
	Processing Capacity		**Export NAG**			**Export NAG Condensate**		
	NAG	**NAG Condensate**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2021**
	(mmscm/d)	*(thousand bbl/d)*		*(mmscm/d)*			*(thousand bbl/d)*	
Central Processing Plant	48	151	22.82	25.27	27.10	24.0	25.32	25.82
Government Gas Plant	23	—	6.65	8.82	8.54	6.97	5.52	3.26
Saih Nihayda Gas Plant	25	28	14.10	15.3	16.02	25.97	24.39	26.94
Kauther Gas Plant	20	—	1.49	1.84	2.16	6.09	7.05	8.67
Rabab Harweel Integrated Project	22.6	69	13.27	11.46	10.92	35.44	37.17	37.6

- **Central Processing Plant**: The Central Processing Plant is located in the Saih Rawl gas field in central Oman. It first delivered gas in 1999 and is the main NAG condensate processing plant for the Saih Nihayda Gas Plant and the Kauther Gas Plant.
- **Government Gas Plant**: The Government Gas Plant is located in the Yibal gas field. The plant came on-stream in 1978 and currently receives gas from the Yibal (AG and NAG), Fahud, Haben, Lekhwair, Khulud and Al-Huwaisah gas fields. Sales gas is exported to customers through the North Oman Gas Distribution Pipeline network, while liquids (condensate (AG and NAG) and water) are transported to the Yibal A Oil Station.
- **Saih Nihayda Gas Plant**: The Saih Nihayda Gas Plant was commissioned in 2005. It processes NAG from the Saih Nihayda and Shuaiba gas fields.
- **Kauther Gas Plant**: The Kauther Gas Plant was commissioned in 2007. The plant is designed to process wet gas and supplies gas to the OQGN system. NAG condensate is exported to the Central Processing Plant for further processing.
- **Rabab Harweel Integrated Project**: The Rabab Harweel Integrated Project was commissioned in 2019 and is an integrated Oil and gas development across the Rabab and Harweel reservoirs in southern Oman. The project is the largest in PDO's history. The project also includes sour gas processing facilities and associated gathering and injection systems and export pipelines. It produces Oil and gas from the Harweel Oil reservoirs via miscible gas injection and produces condensate (AG and NAG) from the Rabab reservoir through partial recycling of sour gas. The project produces 150 million cubic feet per day of gas and provides it for sale to end consumers. Remaining gas is either used for gas recycling or injected into gas.

Power Assets

In addition to its Oil and gas assets, PDO owns and operates an electrical network of power assets that span Block 6. PDO has strong thermal power generation, transmission and distribution across the country and is the second largest thermal power company in Oman by installed capacity. In power generation, PDO operates 15 power station units (gas driven) with a total installed capacity of approximately 1,600 megawatts, as well as a 100 megawatt PV solar plant. It plans to add one further power units which are expected to provide an additional 100 megawatts of capacity, and 300 megawatts of capacity from solar and wind plants by 2026. PDO also has extensive power transmission assets, including approximately 4,300 kilometres of 132 kilovolt overhead lines, 51 substations of 132/33 kilovolts and two existing and two planned connections with the grid owned by the Oman Electricity Transmission Company. In power distribution, PDO operates approximately 15,000 kilometres of 33 kilovolt overhead lines that provide power for all Oil and gas operations within the concession area, supervised by a 24/7 control centre at Yibal. PDO's network is interconnected with Oman's 400 kilovolt Main Interconnected System network in three locations, with 400 kilovolt overhead lines constructed through Block 6 and the first connection point completed at Nahada in 2022. The other two connection points are expected to be completed by the end of 2024. PDO is planning to maximise the import of efficient power from the Government grid through the establishment of new interconnections and thereby maximising the efficiency of the Oman power system.

The following map shows the footprint of PDO's power asset network in Oman.



In addition to thermal power, PDO is pursuing an ambitious energy transition. The Amin solar project was the first utility-scale solar independent power production project in Oman and the world's first project with an Oil and gas company as the sole purchaser of electricity. The plant was commissioned in February 2020 at a cost of US$94 million. The Amin solar project covers a four square kilometre site and produces 100 megawatts of electricity per day. The electricity supplied by the plant is expected to contribute to offsetting the use of natural gas for power generation, saving 3.4 billion cubic feet of gas annually, and to reduce GHG emissions by more than 225,000 tonnes annually. The project has received European Union carbon credit registration. It has received one of the lowest tariffs in the history of solar projects worldwide after it received competitive bids from a number of key renewable energy developers. The project was developed and is owned and operated by Amin Renewables through an Independent Power Project ("**IPP**") model which sells the power exclusively back to PDO, the sole power purchaser. at an agreed tariff. In 2023, PDO approved a request from Amin Renewables to provide an additional 5 Mega Watt peak (MWp) at the same electrical rate. Furthermore, PDO and Amin Renewables have successfully registered the Amin solar IPP on International Renewable Energy Certificates to trade clean energy. PDO is targeting four additional utility renewable projects, expected to produce a total capacity of approximately 400 megawatts. These include an additional solar plant and two wind projects, through which PDO is aiming to substantially achieve its targets for the use of renewable energy. For more information, see "*—Environmental, Social and Governance—Environmental—Historical Environmental Key Performance Indicators—Renewable energy*". PDO is also assessing coupling renewables with battery storage technologies to further increase the benefits of renewable energy. In addition, the Group is also considering the reorganisation of its power assets to realise short-term efficiencies and long-term expansion. To that end, the Group has established ONE, a new direct subsidiary into which the Group is considering the transfer of power generation and transmission assets. See "*—Strategy*".

PDO-S

Petroleum Development Oman Services L.L.C. ("**PDO-S**") was established as a subsidiary of PDO in 2021 to commercialise PDO's technical capabilities, capacity and competitive edge in areas that include, but are not limited to, EOR, geo-solutions and innovative technologies. PDO-S operates locally, regionally and internationally. In Oman, PDO-S is focused on establishing new supply chains and complementing and filling capability gaps in the Omani Oil and gas market while accelerating technology transfer and the transition to new energies. It also aims to create greater value for PDO and Oman while supporting the development of a knowledge-based economy in Oman. Regionally and internationally, PDO-S offers conventional and niche services to potential clients who would like to access PDO's experience and resources.

PDO-S pursues commercial opportunities in eight service categories that are grouped into three main categories: Services, Consultancy and Products. Services includes upstream learning, exploration geo-solutions (e.g., seismic acquisition, processing and interpretation, remote sensing and geomatic and geo-solutions), learning and development and HSE and logistics services. Consultancy includes field development planning consultancy services (e.g., field/project reviews and assurances, technical audits and feasibility studies), front-end consultancy services, project management consultancy services and in-country value consultancy services. Products include technology (i.e., the incubation, development and investment in innovative technologies).

Sales and Marketing

The Group seeks to maximise value from their respective products.

Oil and Condensate (AG and NAG)

Block 6 Oil and condensate (AG and NAG) production is commingled with production from other blocks in PDO's Main Oil Line and sold at the same price. The blended stream is known as OEB and is made available for lifting at the Mina Al Fahal terminal. The Group sells its share of OEB from Block 6 production to Oman's Ministry of Energy and Minerals pursuant to an agreement negotiated on arm's length terms. See "*Material Agreements—Oil Concession—Oil Concession Agreement*".

The Ministry of Energy and Minerals, in turn, sells OEB to customers consisting of international and national Oil companies and international and national Oil refineries. A pool of customers with demand corresponding to the Group's Block 6 participating interest pay the Group directly and typically supply local refineries or export the OEB. The price per barrel of OEB paid by Ministry of Energy and Minerals customers is linked to the OEB price announced by the Ministry of Energy and Minerals for the nominated month of lifting. The following table sets out the OEB price per barrel announced by the Ministry of Energy and Minerals between January 2021 and December 2023.

OEB price per barrel	**2023**	**2022**	**2021**
		(US$)	
January	86.15	80.26	43.83
February	77.43	73.14	50.00
March	80.92	83.62	54.79
April	82.83	91.96	60.85
May	82.23	110.96	64.43
June	83.28	102.40	63.10
July	74.94	107.22	66.40
August	74.78	112.93	71.66
September	80.54	103.21	72.73
October	86.57	97.00	69.38
November	92.77	90.80	72.78
December	89.79	90.79	81.58

Condensate (AG and NAG) that results from Block 6 Operations is blended with Oil and sold at the same price. Contracts between the Ministry of Energy and Minerals and end-customers typically have a 12-month term and are negotiated in the third or fourth quarter of the prior year.

NAG

The Group is one of two primary suppliers of Oman's growing and captive gas market, which includes Oman's liquid natural gas export plant. On 7 September 2023, EDO, IGC Oman and EDO Gas signed a novation, amendment and restatement agreement (the "**2023 NAG Sales NARA**") with respect to the NAG Sales Agreement. Following the Gas Operations Transfer Date, EDO Gas sells Block 6 NAG to IGC Oman, the Government gas aggregator since 1 January 2023, pursuant to IGC Oman's reasonable efforts commitment to purchase all NAG that EDO Gas makes available for sale. Sales are governed by the NAG Sales Agreement to which EDO Gas and IGC Oman are parties pursuant to the 2023 NAG Sales NARA. See "*Material Agreements—Gas Concession—NAG Sales Agreement and 2023 NAG Sales NARA*". Prior to 1 January 2023, the Government gas aggregator was the Ministry of Energy and Minerals. Since 1 January 2023, IGC Oman performs the Government's obligations under the NAG Sales Agreement.

IGC Oman is responsible for procuring all AG and NAG available for sale from Block 6 and other gas producers, transporting it through the gas network operated by OQGN, and selling it to end-users under existing contractual arrangements. These end-users are a combination of other operators, local power generators, local industry and liquified natural gas exporters.

Under the NAG Sales Agreement, IGC Oman notifies EDO Gas of its reasonably estimated annual and monthly requirements at least six months prior to the start of the contract year. At least three months prior to the start of the contract year, EDO Gas notifies IGC Oman of the quantities of NAG that EDO Gas reasonably expects to be able to supply.

IGC Oman pays the Group for the NAG volumes that IGC Oman procures from Block 6 at a fixed transfer price calculated using a "blended transfer price" methodology that accounts for the economics of Block 6 gas projects. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Group's Results of Operations and Financial Condition—Supply, Demand and Price of Hydrocarbons—NAG*".

Competition

The upstream Oil and gas industry is competitive in all of its phases. The primary factors affecting competition are the price, quantity and quality of the Oil produced. The Group's primary competitors for the sale of Oil outside Oman include national and international Oil companies, many of which have substantial Oil reserves and financial resources. These competitors include Oil and gas companies that may possess greater technical, physical and/or financial resources than the Group.

Furthermore, the Group also faces competition from other Oil generation processes, in particular shale Oil. EDO Gas and the Group also compete with other industries that provide alternative means of energy, such as coal and renewable energy sources.

Research and Development

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

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

PDO's technology development focuses on the value realised rather than the number of scope of products achieved from the successful trial deployment to full deployment. In 2023, PDO introduced 27 major (21 in 2022) technologies, including energy management and decarbonisation related technologies. PDO also deployed 18 technologies (14 in 2022), including PCP Permanent Magnet Motor ("**PMM**"), which replace the current induction motor with a PMM motor to reduce power consumption by 20 per cent. In 2022, PDO introduced 21 major (23 in 2021) technologies, including autonomous inflow control device technology. PDO also deployed 14 technologies (11 in 2021), including rig performance analytics which use machine learning and robotic process automation to optimise drilling operations.

PDO aims to identify and develop technologies that have the potential to unlock difficult hydrocarbon resources, further reduce the technical costs of these developments and accelerate project delivery. PDO has a series of dedicated laboratory studies, desktop studies and field-testing programmes in collaboration with local and international institutions and screens third-party, off-the-shelf solutions. Technologies such as foam injection, surfactant foam, cyclic solvent injection and polymer/water simultaneous injection have been tested in recent years. Other research initiatives target cost optimisation for current and future EOR developments. PDO is aiming to expand surfactant polymer application for more viscous Oil that, if successful, will allow for additional volumes to be matured. PDO is also focused on reducing costs on the next phase of chemical floods, allowing for robust technical and development costs in light of the high-price volatility environment. PDO is also focused on leveraging both proven and disruptive digitalisation technologies to unlock new opportunities. For example, digitalisation helped maintain project delivery performance in the during the construction phase of the Yibal Khuff project in the face of travel limitations, as commissioning of steam turbine generator control systems was able to be completed online using remote vendor support.

Key examples of new technology developed by PDO in recent years include Autonomous Inflow Control Device (AICD) technology to reduce produced water to surface, a bio-saline agriculture pilot to treat water using species that can withstand high salinity water and the Foam-Assisted Lift (FAL) technique, which is a technique for gas well de-liquification.

From a research and development perspective, PDO is developing a number of projects, including converting biomass waste (date pits and reed beds) to biofuels, using Algae from produced water as a growth medium for carbon capture and downhole robotics to develop a specific concept customised to PDO to examine reservoir properties such as rocks and liquids and sending samples to the surface.

Information Technology

The Group has implemented a centralised and cost-efficient Systems Applications and Products in Data Processing ("**SAP**") Enterprise Resource Planning system covering all of its assets and all aspects of its business activity, including billing and payment, supply chain management, finance and cost control, maintenance, investment and project management and human resources management.

PDO has insourced its own information and communications technology infrastructure requirements, including end-users' devices, the data and voice network, the backbone transmission network and telecommunications infrastructure (which covers the full industrial area). PDO also owns and operates its own data centres, which cover over 2,000 square metres and provide all required hosting, database, storage and backup infrastructure to support PDO's more than 500 business applications (with all data and information being regularly backed-up in accordance with PDO's corporate backup and retention policies). In addition to the main data centres, PDO operates a disaster recovery centre to operate critical business applications during disaster scenarios as part of its business continuity plan. Industrial control systems are managed according to operational technology security standards and best practices. The Group continuously monitors changes to laws, regulations and IT-related cyber security threats, and apply mitigation controls to ensure compliance with regulations and to minimise cyber risks.

The Group relies on a number of IT systems in order to carry out their day-to-day operations. As a result of the increasing complexity of digital information and communication, and the increase in unauthorised access attempts and cyber-attacks on corporations globally, the Group is exposed to risks, ranging from the loss or theft of data, cyberattacks, stoppages and interruptions of the business, to failure and technical obsolescence of IT systems. Therefore, the Group prioritises security measures to prevent unauthorised access or attacks and use trusted infrastructure protection technologies to ensure a high level of security. Network access security is regularly tested and weaknesses are identified and remedied. Furthermore, cyber security-related internal and external network penetration tests are periodically performed by independent security

companies to identify and mitigate security vulnerabilities as soon as possible. PDO has deployed people (e.g., anti-phishing awareness programmes and mandatory cybersecurity training), process (e.g. periodic reviews and tests) and technology (e.g. threat intelligence, anti-spam, access management, firewalls and SIEM) controls. PDO has adopted and adapted the ISO/IEC 27001:2013 for implementing and sustaining an Information Security Management System ("**ISMS**"). PDO's ISMS is audited and certified by an independent external certification body based on ISO/IEC 27001:2013. PDO has remained certified for more than 10 years now. In addition, PDO is currently adopting ISA/IEC 62443 for designing and implementing security controls in the industrial automation environment.

Despite the presence of these cybersecurity programmes, controls and processes, the Group's operations remain potentially vulnerable to known or unknown threats. For further information on cybersecurity risks, see "*Risk Factors—Risks Related to the Business of the Group—The Group is dependent on the reliability and security of their IT systems*".

Intellectual Property

The Group only owns trademarks registrations and believes that no single intellectual property asset is material to its business as a whole. The Group owns all of the trademarks that it uses in the course of its business.

Environmental, Social and Governance

The Group endeavours to conduct business in such a way as to protect the health and safety of its employees, contractors and other persons affected by PDO's activities, as well as to protect the environment, minimise pollution and seek improvement in the efficient use of natural resources. The Group pursues a policy of systematic and continuous improvement in the measures it takes to protect the health, safety and environment of those who may be affected by PDO's activities, and it will apply more stringent standards and procedures where it considers it appropriate to do so. The Group expects, and where appropriate encourages, PDO's contractors to adopt the same objectives in the conduct of their business.

PDO's objective is to engage safely, efficiently and responsibly in the exploration, production, development, storage and transportation of hydrocarbons and gradual transition to renewables in Oman. PDO has established a Health, Safety and Environmental Protection Policy and is guided in the conduct of its business by the principle that health, safety and environmental protection form an integral part of, and are as important as, all other primary business objectives. The Group is currently establishing its ESG framework.

Environmental

The Group

Environmental excellence is one of the core objectives and value drivers for the Group, building on the historical environmental performance of PDO. The Group is in the process of expanding the ongoing environmental and sustainability activities within PDO and the Group expects to continue to set targets across all key focus areas. Any ESG targets applicable to EDO Gas will, accordingly, be set by the Group.

For example, in February 2022, a solar rooftop system was commissioned by the Group for its new building in Mina al Fahal, and PDO and the Group have identified seven other buildings that could have solar panels installed. An outdoor testing "workbench" has been set up for solar energy research and development. High capacity renewable energy projects have been identified as a core business activity for the Group and it plans to implement solar and wind projects within Block 6 and beyond. A detailed assessment is also ongoing to identify and pilot green hydrogen opportunities within upstream Oil and gas, mid-stream and downstream Oil refining, chemical and petrochemical activities. Similarly, carbon solutions like carbon credit trading opportunities, nature-based solutions and carbon capture use and sequestration have been identified as key

enablers and levers to support Oman's decarbonisation efforts. The Group is in the process of developing plans to upscale ongoing carbon solution initiatives and natural carbon sinks.

PDO

PDO strives to protect Oman's environment and prevent possible pollution from Oil and gas activities in Block 6. To achieve this, PDO has developed an environmental strategy and action plan with strategic objectives to achieve and maintain environmental compliance and maximise value to Oman. The strategy focuses on key environmental risks specific to upstream Oil and gas operations such as climate change and GHG management, water and waste management and the prevention of soil and groundwater contamination.

PDO prioritises compliance with environmental regulations and best practices. Under the Law on Conservation of the Environment and Prevention of Pollution, promulgated by Royal Decree № 114/2001, the Environment Authority is charged with the general supervision of environmental affairs in Oman, including in relation to upstream operations. See "*Regulation of the Oil and Gas Industry in Oman—Other Relevant Laws and Regulations—Environmental Regulations*". PDO has maintained its operating licence since its establishment and was one of the first companies in the Middle East to obtain an ISO 14001 (environmental management system) certification, which it has maintained since 1999 with annual independent audits and assurance systems. Whilst PDO had a waiver from the Environmental Authority ("**EA**") to only report Oil spills above 10 cubic metres, at the end of 2023, the EA requested PDO to notify them daily regarding all Oil and water spills and requested that clean-ups be conducted promptly without delays. This presents a challenge to PDO's operations teams, as they may not be able to immediately comply with these requirements. PDO has successfully completed the independent verification of its GHG data for 2022 and 2021, which was carried out in accordance with the ISO 14064 methodology and process which included a review of PDO emission scope and calculations methodologies, as well as verification visits to some of PDO's facilities. These findings were closed in a timely manner and PDO received the verification statement for the 2022 GHG data. The independent verification of GHG data is carried out on an annual basis for reasonable level of assurance. PDO plans to continue to receive annual verification of its GHG data. Furthermore, PDO has established several partnership agreements with environmental organisations at a national, regional and international level to facilitate joint environmental initiatives and the adoption of best practices, such as the World Bank Zero Routine Flaring by 2030, the Oil and Gas Methane Partnership 2.0 and the Memorandum of Understanding with the United Nations Environment Programme. In 2021, PDO joined the Oil and Gas Methane Partnership, OGMP 2.0, to build and strengthen the network with other oil and gas companies and improve the accuracy of methane emission reporting. In order to promote continuous improvement in its environmental and sustainability performance, PDO has implemented a set of environmental and sustainability key performance indicators focusing on various aspects of the environment and potential impacts. Similarly, in recent years, PDO has implemented several environmental and sustainability projects aimed at enhancing performance and addressing key environmental challenges. See "*—Renewable energy*" below.

Energy Management Strategy

As part of its Energy Management Strategy, PDO has developed a GHG reduction roadmap that focuses on improvement initiatives related to flaring, power generation and consumption efficiency. The programme also includes renewable energy projects, methane and fugitive emissions monitoring, GHG data assurance, as well as carbon trading and offsetting opportunities. A dedicated Energy Management sub-committee to PDO's Managing Director Committee was established in 2019 to bring additional focus to the overall programme.

As part of its Energy Management strategy, PDO has set the following targets:

- reduce GHG emissions by more than six million tonnes (cumulative) compared to business as usual by 2030;

- aspire to achieve net-zero emissions by 2050 with significant change by 2030;
- achieve zero routine flaring by 2030;
- improve power generation efficiency to 154 standard cubic metres per megawatt hour by 2030 (compared to 275 cubic metres per megawatt hour in 2022);
- increase renewable energy capacity to 30 per cent. by 2026 (compared to 9 per cent. in 2022);
- reduce artificial lift power consumption by 10 per cent.; and
- enhance the contribution of nature-based solutions to overall GHG reduction efforts.

Historical Environmental Key Performance Indicators

The following table sets out PDO's key environmental performance indicators for the last three financial years.

	2023	2022	2021
Greenhouse gas emissions			
Total GHGs *(million tonnes CO_2 equivalent)*	10.44	10.60	10.70
GHG intensity ratio *(tonne of CO_2 equivalent/tonne of hydrocarbon)*	0.187	0.179	0.196
Flaring			
Flaring (upstream) *(million tonnes flared)*	0.68	0.69	0.75
Flaring intensity *(tonne/1,000 tonnes of hazardous constituents)*	9.86	9.93	10.95
Energy intensity			
Upstream *(gigajoules per tonne production)*	2.52	2.47	2.73
Acid gases and volatile organic compound emissions per unit of hazardous constituent production			
Sulphur oxides *(tonnes per thousand tonnes)*	0.59	1.13	1.43
Nitrogen oxides *(tonnes per thousand tonnes)*	0.52	0.50	0.45
Volatile organic compounds *(tonnes per thousand tonnes)*	0.15	0.16	0.20
Spills and discharge			
Number of Oil spills over 1 barrel ($0.16m^3$) per million tonnes of production *(No/Mt production)*	0.06	0.09	0.47
Quantity of Oil spilled over 1 barrel ($0.16m^3$) per million tonnes of production *(t/Mt production)*	0.01	0.05	1.12
Oil in effluents to surface environment *(thousand tonnes)*	0.006	0.006	0.004
Water			
Water consumed from desalination units *(million cubic metres)*	8.59	9.73	8.28
Produced water handled 1,000 m^3 per day	948.61	939.04	917.53

	2023	2022	2021
Produced water used for injection activities 1,000 m^3 per day	703.52	581.98	684.65
Produced water used for disposal activities 1,000 m^3 per day	152.6	193.24	154.02
Waste generation			
Hazardous *(thousand tonnes)*	703.68	315.24	232.97
Non-hazardous *(thousand tonnes)*	122.13	118.59	91.81
Total waste *(thousand tonnes)*	825.81	433.83	324.79

Greenhouse Gas emissions

Improving its GHG emissions performance is key to achieve the annual GHG emissions set target and is one of the main drivers of PDO's refreshed strategy under the decarbonisation work stream. GHG emissions are categorised into three different categories: Scope 1 emissions, Scope 2 emissions and Scope 3 emissions. The majority of PDO's GHG emissions are categorised as Scope 1 emissions, which are direct GHG emissions that occur from sources that are controlled or owned by the company. PDO's Scope 2 emissions, which are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling, are minimal and only occur at PDO's Muscat premises since PDO generates its own power for various activities across the Block 6 concession area. PDO has also developed a plan for reporting Scope 3 discharges, which are indirect emissions (not included in Scope 2) that occur in the value chain of a company, such as purchased goods and services, business travel, employee commuting, waste disposal and transportation and distribution (including both upstream and downstream) related emissions.

PDO achieved Gold Standard Pathway on methane reporting as per the United Nations Environmental Program: International Methane Emissions Observatory Report 2023 and has successfully completed the Leak Detection and Repair and drone survey program for 2023 on methane detection for on-plot facilities. The program surveyed 500,000 components and identified 975 leaks, which lead to the repair of the identified leaks, saving 92 per cent. of the fugitive emissions.

In 2023, a helicopter and ground-based methane measurement survey with German Aerospace Centre (*Deutsches Zentrum für Luft- und Raumfahrt*) was completed for three clusters and covered 10 facilities. The outcome of this survey will assist PDO in benchmarking existing detection technologies and achieve a Level 5 in methane reporting as per the Oil and Gas Methane Partnership 2.0 Reporting Framework.

The following table sets out PDO's GHG total absolute emissions during the last three years:

	2023	2022	2021
	(Million tonnes of CO_2)		
Scope 1	10.4	10.5	10.6
Scope 2	0.06	0.06	0.05
Total	**10.5**	**10.6**	**10.7**

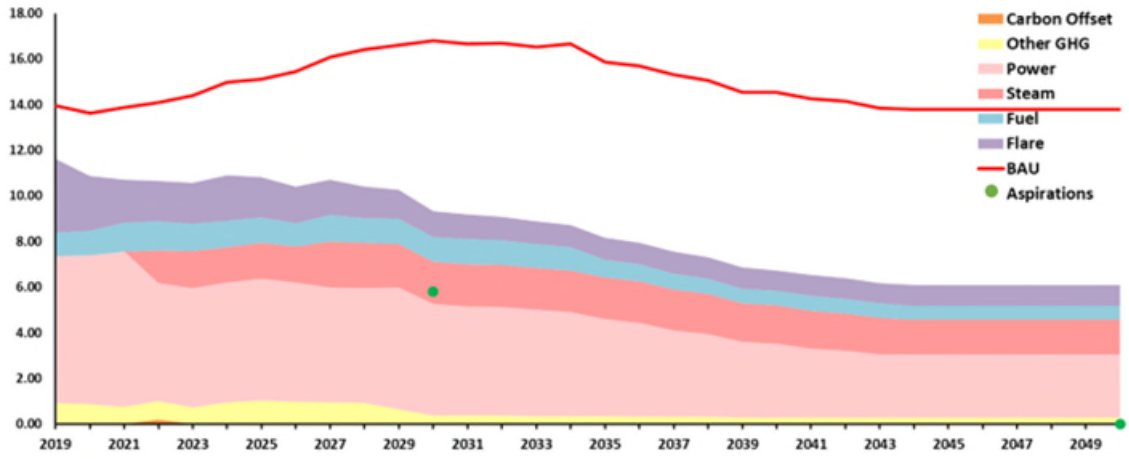
In 2023, PDO's actual GHG emissions were below the set target in 2023. PDO also achieved Gold Standard on methane emissions reporting with the basis of a credible implementation plan. In addition, the Environmental Sustainability Steering Committee was established, merging the former Energy Management and Water Management Steering Committees. However, achieving the decarbonization targets is challenging given the increasing complexity of operations. Decarbonisation projects are also challenged by economic

viability based on existing business premises and the removal of carbon pricing from project economics. For commercially challenged projects, PDO, in collaboration with its shareholders, has initiated discussions and continuous dialogues on the Carbon Investment Framework to align its roadmap with concerted efforts to overcome the challenges through maturation of number of opportunities in the funnel and affordable new technologies advancement. During 2023, PDO has cumulatively reduced its total GHG emissions by approximately 3.96 million tonnes of carbon dioxide equivalent (3.50 million tonnes in 2022 and 3.19 million tonnes in 2021) compared to a "business as usual" scenario. This was achieved through the implementation of various gas flaring, renewable energy, production water management and energy efficiency projects.

However, PDO has a unique set of operational challenges that significantly impact its GHG reduction efforts, such as increasing power demands, water cut and production water disposal activities, which, together with operational and upset flaring, each contribute to increases in PDO's GHG levels. However, PDO has a unique set of operational challenges that significantly impact its GHG reduction efforts, such as increasing power demands, water cut and production water disposal activities, which, together with operational and upset flaring, each contribute to an increase in PDO's GHG levels. For example, PDO's power demand has increased over recent years and is expected to continue doing so until 2030 when it is expected to peak. Between 2013 and 2023, PDO's power generation increased from 730 megawatts to 1151 megawatts. The increase in power demand is largely driven by a gradual shift towards more energy intensive secondary Oil recovery methods (e.g., water flooding) and tertiary Oil recovery methods (such as, miscible gas injection), which can require three to five times more energy compared to secondary methods. These technologies are required to maintain PDO's Oil and gas production targets. The increase in overall power demand is in line with the implementation of new technology over the next five to 10 years. The expected decline in overall power consumption after 2028 is driven by an expected decline in PDO's hydrocarbon production, as well as by the maturation and end of the implementation window for EOR technologies.

PDO is in the process of establishing GHG reduction targets across its business activities in line with the goals of the Paris Agreement. PDO's management has identified more than 140 GHG reduction opportunities over the next 10 years, including flare reduction projects, energy efficiency and renewable energy projects. The following graphic sets out PDO's implemented and planned GHG emissions reduction roadmap in millions of tonnes of carbon dioxide equivalent.

The figure below shows PDO's historical and Program Build GHG emissions per source and the Business as Usual (BAU) trend:



Flaring

Flaring is a significant contributor to PDO's emissions. Flaring levels for 2023 exceeded the 2022 levels and were above the 2023 target due to projects delays and operational challenges. In 2023, PDO completed the optimisation of routine flaring projects to meet the zero routine flaring commitment to further optimise cost

and schedule through competitive reviews with Shell as part of the GHG Strategic Alliance. PDO maintains a dashboard to monitor flaring performance across the organisation and is planning more initiatives to meet its commitment to zero routine flaring by 2030. See "*—Strengths—Focus on Environmental, Sustainability and Safety Performance*" for more information on these initiatives. In 2023, PDO completed a flare efficiency measurement programme using video-imaging spectro-radiometry technology through its alliance with Shell. Based on the initial results of this programme, PDO determined that the majority of the flares have a methane destruction efficiency of more than 98 per cent. This technology has also been used to survey the efficiency of 21 combustion sources.

Energy efficiency

Improving energy efficiency is a key focus of PDO's gas conservation strategy. As part of this strategy, PDO has undertaken initiatives to improve energy efficiency through cogeneration and waste heat recovery. PDO met its goal to achieve energy efficiency in gas consumption to generate 272 cubic metres of gas per megawatt electrical hour by 2023, a 14 per cent. fall from 2010, and 217 cubic metres per megawatt electrical and 154 cubic metres per megawatt hour thermal by 2030.

PDO continues to reduce power consumption by monitoring and controlling the energy consumed at the company's real estate facilities. Examples of this include the installation of light-emitting diode lighting and optimising the heating and air conditioning systems.

Renewable energy

As part of its commitment to the Oman Energy Master Plan 2040 and its ambition for renewables to comprise 30 per cent. of its electrical load by 2026, PDO is constantly seeking opportunities to tackle climate change challenges while working to meet rising energy demand. Beyond renewable energy, PDO is actively exploring the utilisation of lower carbon alternatives, including, amongst others, hydrogen (which may include hydrogen derived from fossil fuels) in its operations and in the mobility sector. The Group believes that this creates local demand and advances the national future hydrogen story.

PDO is developing a portfolio of utility scale renewable projects to meet its target of renewable energy sources comprising 30 per cent. of its electrical capacity mix by 2026. These include further solar plants and the addition of wind plants. PDO has recently made progress in transitioning to renewable energy sources. Key projects include, amongst others:

- The **Amin solar project** is the first utility-scale solar independent power production project in Oman and the world's first project with an Oil and gas company as the sole purchaser of electricity. See "*—Power Assets*" for more information on the project. PDO has recently floated a tender for the construction of a 100MW solar storage project which includes an optional scope for a storage system which will be evaluated at the time of bid submission.

- The **Miraah solar project** at Amal is one of the largest solar facilities in the world by peak energy production. The facility has a thermal installed capacity of 300 megawatts and a total steam generation capacity of, on average, 2,000 tonnes per day. It uses solar energy to create steam, which is then used in EOR to extract heavy and viscous Oil at the Amal oilfield. This thermal power would otherwise be produced by burning natural gas, meaning that the facility has reduced natural gas consumption.

  The facility comprises 36 glasshouse modules located in south Oman and was completed during the second quarter of 2020 by PDO and GlassPoint Solar. The facility is currently in operation and maintained by the Amal steam team.

- The **Solar MAF PV** at Mina Al Fahal provides power for PDO's office buildings using a series of solar panels installed on car parks with a production capacity exceeding 10 megawatts at peak output. A further phase was completed in 2020 which added 2.85 megawatts of capacity, with an additional

1.2 megawatts under construction to be commissioned in the second quarter of 2024. This would further reduce the carbon dioxide emissions.

Furthermore, there are a total of 900 kilowatts of solar rooftops at different MAF buildings with one megawatt of solar ground mounted with a tracker system installed. Upon completion, the overall project is expected to reduce carbon dioxide emissions by 12,536 tonnes annually. Additionally, PDO has installed solar panels at PDO airports, including the Fahud, Qarn Alam and Marmul airports through a local SME. The total capacity of the project is expected to be 609 kilowatts, with the potential to reduce 791 tons of carbon dioxide emissions per year.

- PDO is planning to install solar rooftop systems on all Ras Al Hamra villas, a total of 588 villas, during 2024 and 2025.
- PDO is also planning to add 300 megawatts of renewable energy by 2026, which will be comprised of a 100-megawatt solar storage IPP plant at Siah Nahada, a 100-megawatt wind IPP plant at Amin (Riyah 1) and a 100-megawatt wind IPP plant at Nimr West (Riyah 2). PDO expects that these projects will enable PDO to reach its goal of 30 per cent. of renewable energy by 2026.

In addition, PDO continuously assesses different types of energy sources, hydrogen and biofuels along with plans to pilot storage technologies for deployment across its assets as part of its ambition to reduce Oman's dependence on fossil fuels and encourage economic diversification.

Oil spills and discharges

PDO strives to continuously improve the integrity of its assets, including by reducing Oil spills. As part of these efforts, between 2020 and 2021, the length of the MOL changed because two lines, MOL11 (64 kilometres) and MOL12 (53 kilometres), were merged into one line, MOL32 (73 kilometres). In 2023, the number of spills over one barrel (0.16 cubic metres) per million tonnes of Oil production decreased to 0.06 compared to 0.09 in 2022 and 0.47 in 2021. The quantity of Oil spilled over one barrel (0.16 cubic metres) per million tonnes of Oil production decreased to 0.01 from 0.05 in 2022 and 1.12 in 2021. PDO has not had a major spill in 2023 or 2022. PDO defines a major spill as a spill that is greater than 10 cubic metres. PDO invests approximately US$11 million annually in Main Oil Line inspection and maintenance. This investment in pipeline integrity has enabled PDO to achieve above 99 per cent. availability of the Main Oil Line. In order to prevent Oil spills, PDO has implemented a number of key measures and programmes such as:

- increased preventive maintenance activities, including regular inspections and the ongoing rehabilitation of old pipelines;
- improved materials like internally coated carbon steel flow lines and pipelines;
- accelerated replacement of flow lines; and
- urban planning activities, including bypass and flow lines replacement in the Marmul cluster and the Yibal rejuvenation project.

Water management

PDO currently produces approximately 1,000,000 cubic metres of water per day, which is expected to exceed 1,100,000 cubic metres of water per day from 2023 onwards. Currently, approximately 69 per cent. of the water produced to the surface is reused for pressure maintenance through water flooding and chemical and thermal EOR. The residue is sent to PDO's Nimr Reed Wetlands project and deep disposal. The Nimr Water Treatment Plant ("**NWTP**") is one of the largest industrially constructed wetland systems in the world, irrigated by Oil field water, consisting of a series of sloping reed fields and evaporation ponds covering 10.5 square kilometres, and treating 155,000 cubic metres of water per day. In 2022, the Rima Wetlands Treatment Plant ("**RWTP**") was commissioned to capitalize on PDO's efforts of reducing deep disposal and energy

consumption. These natural treatment systems have been instrumental in reducing the amount of hydrocarbon-polluted produced water being disposed of at deep well aquifers. The NWTP and RWTP use minimal fossil fuel for its operation, resulting in a 98 per cent. reduction in energy consumption compared to the conventional, energy-intensive disposal method of pumping water into deep aquifers. The wetland plant contributes with a reduction of more than 273,000 tonnes of carbon dioxide per year as a result of the removal of energy and gas-demanding conventional deep well disposal ("**DWD**") operation. In 2023, waste recycling increased by 10.2 per cent. to 10,787 tonnes in 2023.

Separately, in 2023 PDO signed an agreement with the Oman Environment Authority to conduct a joint biodiversity survey in Bahja and Greater Birba. The survey began in December 2023. In Dhofar, PDO has collaborated with the Oman Environment Authority as part of a 10 million plantation initiative. PDO had planted approximately 5,500 trees by November 2023.

Social

PDO endeavours to provide all of its employees with safe and healthy working conditions and competitive conditions of service. It focuses particular attention on the recruitment, training and development of Omani employees and respects the rights of all employees in line with Omani labour law. To this end, PDO has the PDO Learning and Development Academy to provide training in the technical and non-technical aspects of its operations.

Health

PDO promotes medical, occupational and public health to achieve workforce wellness alongside its provision of medical care facilities. PDO operates its own medical centre in Mina Al Fahal and 10 clinics within Block 6 that deliver high quality and integrated primary health care. PDO employees, eligible dependents and retirees have access to a high-tech multi-disciplinary lab, a pharmacy and occupational health, vaccination, dietary and antenatal services.

As of the date of this Base Offering Circular, PDO has been working with Oman Petroleum Alliance in developing a fitness to work standard that aims to enhance the fitness to work assessment within the contractor's community and Oil and gas sector. In addition to physical well-being, PDO has devoted its attention to employees' mental well-being. For example. in the fourth quarter of 2023, PDO launched a mental health programme which focuses on raising employees' awareness of the importance of mental well-being.

Safety

Safety is an overarching priority for PDO. PDO is focused on achieving its "Goal Zero" (i.e., ensuring no harm comes to people, the environment and PDO's assets). To achieve this goal, PDO launched a Safety Refresh strategy ("**Safety Refresh Strategy**") in 2022. The Safety Refresh Strategy is a multi-year plan which aims to address safety pain areas through a structured and systematic approach. For example, PDO launched an enhanced behaviour-based safety (IHTIMAM) platform that links established capabilities to advanced digital solutions.

During 2023, PDO experienced an increase in safety performance. During 2023, there were zero fatalities due to work-related accidents compared to five fatalities in 2022 and 2021, respectively. The 2023 target for Lost Time Injury Frequency ("**LTIF**") per million man hours worked was 0.18. The LTIF per million man hours worked was below the 2023 target, decreasing to 0.12 in 2023 from 0.22 in 2022 and 0.21 in 2021, while Total Recordable Case Frequency per million man hours worked was 0.57 in 2023 compared to 0.79 in 2022 and 0.69 in 2021. Tier 1 incidents, which are process safety events with severe consequences involving an unplanned or uncontrolled release of any material resulting in consequences such as employee days away from work, injury or fatality, increased to 3 incidents in 2023 compared to one incident in 2022 and two incidents in 2021.

Throughout 2023, PDO also focused its efforts in improving contractor safety. Health, Safety & Environment ("**HSE**") performance audits were conducted for 92 contractors determined to have "High" or "Medium" HSE risks based on contract scope. The HSE capacity and capability review which resulted in adding additional HSE critical resources in high-risk areas. Furthermore, the Contractor CEO Forum fostered increased joint leadership site visits and opportunities for cross learning, further strengthening PDO's partnership with its contractors by managing HSE as a collective challenge.

As part of PDO's journey to build HSE capable and competent workforce, selected staff from PDO and its contractors have been trained to become certified HSE assessors, which will enable them to evaluate the HSE competencies of other staff. As at 31 December 2023, 106 PDO staff and 151 contractors are certified HSE assessors. PDO also continued to make progress on the Darb Al Salama Integrated Plan on safe driver and safe vehicles. The Darb Al Salama Integrated Plan represents a multi-year initiative aimed at enhancing road safety through a comprehensive approach focusing on "safe drivers, safe vehicles and safe roads", bolstered by cross-functional enablers. Recent efforts have seen a significant uptick in compliance with driving lifesaving rules in 2023, which increased by 60 per cent. compared to 2021, resulting in reduced road related fatalities and lost time injuries. The requirements and recommendations outlined in the Darb Al Salama Integrated Plan have also been integrated into the latest logistics and other direct cost contracts, ensuring that non-compliant fleets are phased out in favour of vehicles meeting stringent safety standards. Through a combination of road assessment surveys and analysis of motor vehicle incident hotspots, PDO also proactively mitigates potential hazards, reinforcing its commitment to safer road infrastructure.

PDO is also committed to continuously improving AI-PSM by training staff and contractors using the latest tools, technologies and expertise. An AI-PSM step-change programme is in place and involves 10 non-negotiable process safety fundamentals to increase compliance across PDO's functions. The AI-PSM steering committee, led by PDO functional directors, meets monthly to support and review progress.

PDO implements internal safety policies in line with international standards. It maintains an ISO 55001:2014 certification for its asset management systems, including PDO's AI-PSM processes which relate to the management of assets to support the production, treatment, storage and transport of Oil and gas in the PDO concession areas.

The following table sets out PDO's key safety data for the last three years:

	2023	2022	2021
Work-Related Fatalities			
Total number	0	5	5
Fatal Accident Rate ("**FAR**") *(fatalities per 100 million working hours, both employees and contractors)*[(1)]	0	0.03	0.03
Injuries			

	2023	2022	2021
Total Recordable Case Frequency ("**TRCF**") *(All injuries per million working hours, both employees and contractors)*	0.57	0.79	0.69
Lost Time Injury Frequency (LTIF) *(Lost Time Injuries per million working hours, both employees and contractors)*	0.12	0.22	0.21
Motor vehicle incidents ("MVI")			
Serious MVI frequency *(LTI, MTC, RWC and roll over MVI incidents per million km driven)*	0.03	0.05	0.04
Process safety			
Tier 1 incidents	3	1	2
Exposure			
Million man hours worked	189.72	197.8	185.5
Million kilometres driven	321.95	317.2	301.5

Notes:

(1) The FAR in this Base Offering Circular does not include private commuting fatalities. Previously, the Group included private commuting fatalities when determining the FAR. The FAR inclusive of private commuting fatalities for 2023, 2022 and 2021 is 1.07, 6.07 and 2.01, respectively.

(2) The MVI frequency in this Base Offering Circular excludes private commuting fatalities. Previously, the Group included private commuting fatalities when determining the MVI frequency. The MVI frequency including private commuting fatalities for 2022 and 2021 was 0.18 and 0.16, respectively.

As a member of the United Nations Global Compact since 2015, PDO is committed to supporting the compact's 10 universal principles on human rights, labour, environment and anti-corruption.

Diversity and inclusion

PDO's Diversity and Inclusion ("**D&I**") initiative started in 2014 and was formally established in 2017.

D&I in PDO is comprised of three focus areas: Anti-harassment and Anti-bullying, Fairness and Gender Balance and Equity. Each of these areas are championed by a director and supported by their Human Resources Business Advisor, working group and dedicated D&I Lead. The initiative is steered by the Managing Director and sponsored by the People Director. This collaborative effort culminated in the development and implementation of corporate action plans tailored to the unique nuances of each focus area.

An important part of PDO's D&I journey includes the impact of the Covid-19 pandemic and the ensuing economic challenges which obscured PDO's D&I efforts. The aftereffects of the COVID-19 pandemic and economic challenges prompted a comprehensive review of PDO's D&I strategy, which unveiled a broader comprehension of its principles and potential applications. This transformative understanding, which coincided with PDO's strategic refresh, encompassed a review of practices, such as inclusive recruitment, the recruitment of individuals with disabilities and a heighted awareness of the broader ecosystem, culture and human behaviour.

PDO is focused on continued cultural transformation and believes that D&I principles must be embedded into the organizational processes to ensure the longevity and sustainability of its goals and objectives. The overarching areas addressed corporately across the four streams include education, awareness, supporting structures, reporting and monitoring, policies and processes and communication.

PDO also provides regular training on D&I awareness to its employees, including a mandatory full-day D&I course.

Corporate citizenship

PDO conducts its business as a good and responsible corporate citizen of Oman, observing the laws applicable to its conduct and the principles embedded in the Basic Statute of the State, and paying proper regard to health, safety and the environment consistent with its commitment to contribute to sustainable development. PDO operates in an environmentally responsible and sustainable fashion, dealing transparently and honestly on the basis of open and competitive bidding with contractors and suppliers and supporting and investing in social and community projects.

In-country value

PDO aims to share the benefits of the Oil and gas industry across Oman through its In-Country Value ("**ICV**") strategy, which commits PDO to maximise its procurement of local goods and services, as well as improve the capacity and capability of the Omani people and companies to secure sustainable commercial benefits for Oman. ICV is defined as the total spend retained in country that benefits business development, contributes to human capability development and stimulates productivity in Oman's economy.

Promoting ICV consists of:

- pioneering new common Oil and gas industry standards for ICV requirements in contracting and procurement with the goal of maximising expenditure on Omani goods and services among other things;
- offering business opportunities to Omani companies;
- improving the capacity and capability of local companies in order to achieve cost reductions, the continuous improvement of PDO's business and contribute to Omani economic growth and job creation;
- developing and implementing Oman's first ICV data collection system for PDO's contractors; and
- launching initiatives for local community contractors and super local community contractors to give people living in the Concessions' area the chance to provide services to PDO and bid for supply contractors.

PDO has adopted a seven-prong ICV strategy for 2021 to 2025 that focuses on: (i) the assurance framework and sustainability; (ii) procedures and guidelines; (iii) the operating model and organisational structure; (iv) cross-sector collaboration; (v) a competency framework; (vi) technology, digitalisation and energy; and (vii) the localisation of goods, services and labour.

PDO realised 11 In-Country Value opportunities in 2023 and six In-Country Value opportunities in 2022, attracting around US$45 million and US$18 million in investment in Oman and generating around 20 and 60 job opportunities, respectively. The total number of In-Country Value opportunities realised by PDO is 91 since 2013, with a total investment value of US$615 million, and more than 7,300 job opportunities created. In 2023, PDO's In-Country Value programme created more than 3,216 job opportunities through employment and training initiatives. PDO signed 17 capacity building and employment Memorandums of Collaboration, providing 412 jobs and vocational training opportunities. Two key milestone were achieved when PDO's Infrastructure Directorate signed a contract for the local manufacture of proppant and for the local manufacture of four rigs – the first such deals in the Middle East.

PDO's ICV Development team has also formulated a complete strategy to increase its direct and indirect spend on small and medium size enterprises ("**SMEs**") and Local Community Contractors ("**LCC**"), which is expected to increase by 2 per cent. per annum in the coming five years. The strategy has also established

direct opportunities for SME and LLC development in several technical fields such as chemicals, construction, maintenance and the Fourth Industrial Revolution, with the provision of around four opportunities annually over the next five years. For the past two full financial years, PDO has an average yearly spend of approximately US$940 million, or 16 per cent., to SMEs and local community contractors. In addition, in the last three full financial years PDO has provided more than 100 training sessions on ICV-related topics to different entities in the private and public sectors to support the national capacity.

In 2023, the PDO team successfully completed phase 1 of the AFAQ program. The objective of the AFAQ program is to build the capability of local SMEs in order for them to play key role in the future development of markets in relation to energy transition, decarbonization and technology sectors.

As of December 2023, more than 528 small local vendors from our concession have been registered in the Joint Supplier Registration System. There are approximately 3,500 Omanis employed by these vendors. Additionally, in 2012, PDO and the Government established the Super Local Communities Contractors ("**SLCCs**") to support communities in the Oil and gas concession areas with 10,000 local Shareholders. In 2023, PDO's total spend on SLCCs contracts reached US$277 million. For matured limited liability companies ("LLCs"), PDO spent US$20 million in the same period. Approximately 1,850 Omani employees are employed by SLCC companies.

National Objectives

PDO's National Objectives is one of the four pillars of the ICV strategy and is facilitated through an EMDAD, Arabic for help and support, program (the "**ICV EMDAD Programme**"). PDO's ICV EMDAD Programme works closely with the Ministry of Labour, PDO contractors and local training institutes to reduce the number of jobseekers in Oman by training young Omanis (providing the private sector with skilled Omanis, and, in parallel, securing employment for registered jobseekers). The purpose of the National Objective Department is to add value to the Omani workforce in the Oil and gas industry and beyond. Contractors pledge to employ a number of Omanis in accordance with the Government's Omanisation policy ("**Omanisation**"), which requires that Omani companies ensure that Omani nationals comprise a prescribed percentage of their workforce which varies based on industry and sector. Omani companies must also ensure that the same Omanisation targets are met in relation to the number of National Objectives programme trainees.

PDO prioritises employment, project development and educational opportunities in Oman. PDO offers internationally accredited programmes that provide graduates with international certifications. In 2023, PDO realised 11 ICV opportunities, attracting an investment of approximately US$45 million in Oman which generated 20 job opportunities for Omanis. Since 2013, the total number of ICV opportunities realized by PDO is 91 with a total investment value of US$615 million, as well as a total of 3,216 jobs for Omanis.

In 2023, PDO's ICV EMDAD Programme created more than 1,830 job opportunities through employment and training initiatives. PDO signed 24 capacity building and employment Memorandums of Collaboration, providing 880 jobs and vocational training opportunities. Furthermore, PDO achieved two key milestones when the PDO's Infrastructure Directorate signed a contract for the local manufacturing of telecom towers and local manufacturing of four rigs. These deals are the first such deals in the Middle East. PDO achieved a total retained value of more than 40 per cent. from the first to third quarter of 2023, accounting for 92 per cent. of total supply chain spend.

PDO has also launched the programme "Shababuna", which was previously known as the Graduate Development Programme. Both programmes provide structured, on-the-job training, monitoring and assessment for Omanis who join PDO after graduating from universities or colleges with Bachelor degrees or above, as well as other specific categories of existing PDO staff who have completed further study. The aim of the new programme is to reconfirm PDO's commitment to empower young people and create a coherent framework that focuses on preparing a promising generation capable of building a prosperous future for the Sultanate. PDO has employed 782 Omani staff from its Shababuna Programme.

PDO also works closely with the Oil and gas industry to upgrade training standards in Oman. In addition, in 2014, the National Objectives Department's scope of work was expanded to include supporting and developing small-and medium-sized enterprises in the Oil and gas sector.

Social investment

As a responsible corporate citizen, PDO is committed to delivering meaningful social investment ("**SI**") programmes that create sustainable benefits for Omani society in line with the United Nations' Sustainable Development Goals ("**SDGs**").

PDO has made commitments to 98 new social investment projects (including sponsorship and donations), totalling around US$12.4 million, including two joint projects with other operators through the Ministry of Energy and Minerals' Corporate Social Responsibility initiative, and additional amounts for previously committed projects. These projects will have tangible impacts on the quality of life of thousands of people living in PDO's concession area and beyond, including through infrastructure development, training, and the provision of technology and equipment. PDO completed 65 social investment projects in 2023 compared to 21 social investment projects in 2022; 95 new projects valued at approximately US$12.8 million were approved in 2023. Several of the recently approved social investment projects were co-funded with partners from different sectors, contributing a further US$13.7 million towards such projects. In addition to the 33 Memorandums of Understanding signed in 2022, twelve more were signed in 2023. The success of PDO's social investment programme was recognised regionally when it won first runner-up in the Arabia Corporate Social Responsibility Awards in 2021.

In 2023, 28 post-implementation review visits to various completed projects were carried out to assess their impact and gather lessons for the future. Additionally, 90 quality assurance site visits were carried out for ongoing projects.

Seven joint committees in collaboration with different stakeholders were established in 2023 to identify optimal corporate social responsibility projects for Oman and monitor the execution of approved schemes. Furthermore, PDO organised three charity appeals to help victims of the earthquake in Turkey and Syria, flooding in Libya and the conflict in Gaza. These appeals successfully raised US$3.1 million with matched funding by PDO.

PDO is focused on giving back to the community through volunteer efforts. In 2023, over 300 staff participated in the Baader volunteering initiative. Through various campaigns, staff supported organisations in Oman. For example, staff assisted the Oman Food Bank in preparing 2,000 meals for the community during Ramadhan.

Community relations

PDO's Community Relations Department partners with the community to ensure that PDO has harmonious and constructive engagement with communities and all key stakeholders involved in Block 6, such as governors offices, walis, tribal sheikhs, ministries and public authorities involved in service provision. The Community Relations Department has delivered improvements to local communities, such as delivering potable water to houses and camel izbas, paved roads, and supported community education by funding scholarships to study in colleges and universities in Oman. Additionally, the Community Development Department governs the process of issuing Non-Objection Certificates ("**NOC**s") for work to be completed near PDO assets by non-PDO direct contractors and to allocate land in Block 6 under the usufruct agreement, an agreement between PDO and non-PDO direct contractors granting temporary rights to the contractors to use and derive income or benefit from Block 6, in collaboration with the Ministry of Energy and Minerals and the Ministry of Housing and Urban Planning.

Governance

PDO's General Business Principles are the basis for its business strategies and activities. These principles set out an expectation that PDO conduct all its affairs, including relationships with contractors and suppliers, with honesty, integrity and fairness.

In addition, PDO has adopted a Code of Conduct. The code does not exempt anyone and every PDO employee, contractor and supplier must operate within its rules and guidelines. The code is categorised into five sections, addressing compliance in the areas of: (i) people and safety; (ii) combatting corrupt practices; (iii) safeguarding information and assets; (iv) communications management; and (v) national and international trade.

Since 2011, PDO has followed an anti-bribery and corruption strategy aimed at fostering a culture of zero tolerance in respect of acts of bribery and corruption. PDO's anti-bribery and corruption policies and procedures are reinforced through training and employee-wide communications during the year. All vendors registering with PDO, whether local or international, are screened for anti-bribery and corruption compliance. PDO also manages an online confirmation process through which employees and contractors are required to declare all potential conflicts, gifts, hospitality or travel while confirming their commitment to the rules of confidentiality annually.

Employees

The number of full-time equivalent employees for PDO was 9,206, 8,904 and 8,879 as of 31 December 2023, 2022 and 2021, respectively. In addition, EDO had 38 full-time employees as of 31 December 2023.

Approximately 70 per cent. of PDO's employees (approximately 6,000 employees) are members of the PDO Trade Union. In 2018, terms of reference for the PDO Trade Union were agreed between the union and PDO to foster a positive and constructive relationship between the two parties. The terms of reference are valid until such time as they are terminated by either party, which may be done by giving three months' notice in writing to the other party. No renegotiations are currently planned.

The Group believes that human resources are critical to their businesses and seek to ensure that staff are provided with career training and development opportunities to address all present and future workforce needs. These opportunities include secondments to international Oil and gas companies, graduate training positions and internal recruitment opportunities across PDO.

There is a corporate focus on motivating employees to contribute to their success by offering a compelling employee value proposition, including a competitive compensation and benefits package. The value proposition for employees ranges from monetary rewards to benefits, such as annual performance-based rewards, medical care, individual growth and development and end-of-service benefits for non-Omani employees. Entitlement to certain benefits is based on the employee's performance, business performance and length of service.

A PDO recruitment team seeks to fill vacant positions based on the skills and expertise required for each job, giving priority to internal talent in a fair manner. All candidates are selected based on capability assessments to ensure the best candidate is appointed.

As of 31 December 2023, PDO had an Omanisation rate of 91 per cent., including 1,353 Omani female employees. As of the same date, 91.1 per cent. of the senior positions with PDO were held by Omani nationals.

Insurance

PDO maintains a range of insurance policies that provide coverage in amounts, and on terms, that are generally consistent with industry practice. PDO arranges and manages an operational energy "package"

insurance programme with a separate Construction All Risks Facility. The risks covered under these policies include property damage (operational and construction), operators' extra expense and general third-party liability.

However, as a result of operating risks and other potential hazards associated with the Group's business, it may from time to time become exposed to significant liabilities for which there may not be adequate insurance coverage. The control and management of these risks depends on adequate development and training of personnel and on the existence of operational procedures, preventative maintenance plans and specific programmes supported by quality control systems which reduce, but do not eliminate, the possibility of the occurrence and impact of these risks. See further, "*Risk Factors—Risks Related to the Business of the Group—PDO's insurance policies may not be sufficient to cover all risks that it faces, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations in the event a material uninsured risk takes place*".

Legal Proceedings

The Group and PDO are from time-to-time party to arbitration and other proceedings. The Group does not believe that, if any such ongoing proceedings were finally determined adversely to the Group, it would have a material adverse impact on their finances.

MATERIAL AGREEMENTS

Oil Concession

Oil Concession Agreement

On 7 March 1967, POHOL and His Highness Sultan Said Bin Taimur entered into a concession agreement (the "**Original Oil Concession Agreement**") under which POHOL was granted certain rights, including rights to explore, search, drill for, produce and win petroleum, in Block 6 in the Sultanate of Muscat and Oman (as amended or verified from time to time, the "**Oil Concession Area**"). Pursuant to an Agreement on Participation that became effective on 1 January 1974, His Majesty Sultan Qaboos Bin Said acquired a 60 per cent. interest in the rights given to POHOL under the Original Oil Concession Agreement. On 19 December 2004, the Government, acting in its capacity as the sovereign and in its capacity as a participant (the "**Government Participant**"), and POHOL entered into the Oil Concession Agreement to extend the term of the agreement to 31 December 2044. The Oil Concession Agreement superseded and replaced the Original Oil Concession Agreement. On 24 December 2020, the Government Participant transferred its 60 per cent. participating interest in the Oil Concession Agreement to EDO with effect from 24 February 2021 in accordance with the terms of the Oil Concession Agreement.

The Oil Concession Agreement will remain in force until 31 December 2044 or such later date as the parties may agree, unless terminated in accordance with its terms. The agreement contains customary termination rights and remedy periods in the event of a material breach. In the event that POHOL terminates the agreement for material breach by EDO, EDO will pay to POHOL its participating interest (as defined below) share of the net book value of the petroleum assets. POHOL may also terminate the Oil Concession Agreement at any time on 12 months' notice.

Grant of Rights

The Group has a 60 per cent. interest in the rights and obligations under the Oil Concession Agreement and POHOL has a 40 per cent. interest.

The Oil Concession Agreement grants EDO and POHOL: (i) the exclusive right to explore, search and drill for, produce and lift petroleum from the Oil Concession Area; (ii) the exclusive ownership in proportion to their respective participating interests in all petroleum at the wellheads in the Oil Concession Area; (iii) the exclusive ownership of AG condensate from the Government's gas plant and butane plant located at Yibal, Oman, in proportion to their respective participating interests at the point of entry of such AG condensate into the operator's infrastructure; (iv) the right to use AG for its petroleum operations free of charge and with priority over any other use of AG, and to use NAG made available by the Government from the Oil Concession Area or other areas, subject to certain limitations, if in the opinion of the operator there is insufficient AG for an Oil reservoir or group of Oil reservoirs requiring gas pursuant to the terms of a gas sales agreement; (v) the right to import gas for use in petroleum operations with the consent of the Government; (vi) the right to transport and sell for use in Oman or for export, and to export freely, or otherwise to deal with or dispose of any and all of its participating interest in petroleum, free of export duty and taxes and all other similar charges; and (vii) the right, subject to the terms of the Oil Concession Agreement, to do all things necessary or desirable for the purposes of the above operations.

EDO and POHOL may not, without the Government's consent, use the Oil Concession Area for purposes other than those set out in the Oil Concession Agreement. They are entitled to appoint an operator to undertake petroleum operations on their behalf and to authorise the operator to exercise such of their rights and perform such of their obligations under the Oil Concession Agreement as EDO and POHOL may jointly agree.

Use of Land and Infrastructure

The Oil Concession Agreement provides that, for the purposes of EDO's and POHOL's petroleum operations, the Government must take all necessary steps to ensure that EDO and POHOL have the right, subject to certain limited exceptions, to construct, operate, maintain and use prescribed infrastructure, including facilities or works, required for the efficient and effective conduct of the petroleum operations (i) in the Oil Concession Area, without hindrance or the requirement for any further approvals or consents, and (ii) outside the Oil Concession Area as reasonably required for the efficient and effective conduct of petroleum operations, with such Government approvals and consents as may be necessary.

EDO and POHOL may not carry out any operations over the surface of areas occupied by or devoted to the purposes of mosques, sacred buildings or graveyards. The parties also do not have the right to use or occupy any sites selected by the Government for defence purposes, airports, aeroplane or seaplane bases or for communication installations or in connection with the development of harbours, subject to certain limited exceptions in the case of use of airports, aeroplane or seaplane bases. During times of emergency, the Government has the right to use any airstrips, harbours or communication installations maintained by EDO or POHOL free of charge.

Funding and Taxes

The Government bears and funds all costs in respect of customs duties, import duties, taxes (other than income taxes) and other similar charges incurred in the conduct of the parties' petroleum operations. Notwithstanding the above, EDO and POHOL must fund any taxes and similar charges being paid by PDO as operator at the effective date of the Oil Concession Agreement and customs duties up to a rate of 5 per cent. POHOL pays taxes and receives rewards on income derived from its participating interest. Subject to certain limited exceptions, all petroleum produced from the Oil Concession Area is exempt from harbour and port duties, export duties, imposts and charges of any kind. The Government has granted buyers of petroleum and the transporters thereof an entitlement to export petroleum from Oman and an exemption from all taxes, duties, imposts and charges in respect of their dealing in and transport of petroleum.

Ringfencing

The Oil Concession Agreement sets out procedures to resolve disagreements regarding investment proposals for projects that the board of directors of PDO does not approve due to the opposition of PDO's shareholders. In the event of continued disagreement, these procedures enable EDO to proceed with certain projects at its sole risk. Any such project can be removed from the scope of the Oil Concession Agreement, which may result in the relinquishment of the geographical area on which the project is located from the Oil Concession Area.

Assignment

The parties may not generally assign their rights and obligations under the Oil Concession Agreement. However, POHOL may assign its rights to ownership of petroleum, to sell and to export freely or otherwise to deal with or dispose of any and all such petroleum to affiliated trading companies whose sole business in Oman is buying and onselling petroleum. As of the date of this Base Offering Circular, POHOL has assigned 85 per cent. of the petroleum to which it is entitled to SOMANT, 10 per cent. to TotalEnergies (Oman Branch) and 5 per cent. to PTTEP.

Subject to certain conditions, EDO may assign part or all of its participating interest to a third party and POHOL may also assign part or all of its participating interest to an affiliate associated with the petroleum industry or restructure its shareholdings without the consent of EDO.

POHOL must give EDO a right of first refusal in the event of (i) any bona fide offer to purchase part or all of its participating interest, (ii) an affiliate to which it has transferred its participating interest ceasing to be an affiliate or (iii) certain reductions in POHOL shareholders' shareholdings.

Oil Operating Agreement

On 19 December 2004, the Government Participant and POHOL (acting in their capacities as participants in the Oil Concession Agreement) and PDO (acting in its capacity as the Block 6 operator) entered into the Oil Operating Agreement. The Oil Operating Agreement will remain in effect for as long as the Concession Agreement remains in force. On 24 December 2020, the Government transferred its rights and obligations under the Oil Operating Agreement to EDO with effect from 24 February 2021 in accordance with the terms of the Oil Operating Agreement.

Under the terms of the Oil Operating Agreement, PDO is authorised to act as operator of the Block 6 operations under the terms of the Oil Concession Agreement. Specifically, PDO has the following rights as set out in the Oil Concession Agreement: (i) the right to conduct petroleum operations; (ii) the exclusive right to explore, search and drill for, produce and transport petroleum from the Oil Concession Area; (iii) the obligation to undertake the allocation of the costs of drilling operations to petroleum operations and gas operations; (iv) the right to use AG and NAG in accordance with the Oil Operating Agreement; (v) the right to import gas for use in petroleum operations; (vi) the right to do all things necessary or desirable for the purposes of the preceding operations; (vii) certain rights granted to the participants under the Oil Concession Agreement; and (viii) any other such rights and obligations granted or imposed on PDO as operator under the terms of the Oil Operating Agreement.

EDO and POHOL may jointly agree to remove PDO as the operator by giving PDO at least 180 days' written notice. Under the terms of the Oil Operating Agreement, PDO is required to deliver to EDO and POHOL their participating interest share in the Block 6 petroleum that PDO produces, as set out in the Oil Concession Agreement, and EDO and POHOL have the right to take in kind and separately dispose of their participating interest shares in the petroleum. Each of EDO and POHOL are obligated to lift or separately dispose of their participating interest share in any petroleum produced and/or stored at such times, in such quantities and in accordance with PDO's practices and policies.

In the event that the Concession Agreement is terminated for any reason, the Oil Operating Agreement will also terminate as soon as final settlement has been made between the parties to the Oil Concession Agreement. POHOL is not liable to contribute to the costs of petroleum operations and will not be liable for any loss, cost, liability, claim or expense related to Oil and AG assets incurred after the date of expiry or termination of the Oil Operating Agreement. If the Government or POHOL assign all or any part of their participating interest in the Oil Concession Agreement, each will have the right to assign their equivalent interest in the Oil Operating Agreement. PDO does not have assignment rights.

PDO Shareholders' Agreement

On 19 December 2004, the Government Participant, PDO, Shell, TotalEnergies and PTTEP entered into the Petroleum Development Oman LLC shareholders' agreement (the "**PDO Shareholders' Agreement**"). The PDO Shareholders' Agreement became effective on 1 January 2005. On 24 December 2020, the Government transferred its rights and obligations under the agreement to EDO with effect from 24 February 2021 in accordance with the terms of the PDO Shareholders' Agreement.

The purpose of the PDO Shareholders' Agreement is to regulate the parties' respective rights and obligations with respect to the management and operation of PDO.

Under the PDO Shareholders' Agreement, the PDO Board must consist of 12 members, of which EDO is entitled to appoint seven directors, Shell is entitled to appoint three directors, and TotalEnergies and PTTEP are entitled to appoint one director each. In addition to the PDO Board, EDO has appointed representatives to the gas board and their committees. Each PDO shareholder has the right to remove any director appointed by it and the right to fill any vacancy in its representation on the PDO Board. Directors of PDO have unlimited terms. The chairman of the board is appointed by EDO.

The board of directors of PDO meets a minimum of four times a year. The quorum for any meeting of the board of directors is four directors appointed by shareholders of PDO that together hold not less than 75 per cent. of the total number of shares in PDO. Any resolution of the board of directors of PDO (whether taken at a meeting or by way of written resolution) must be approved by directors appointed by shareholders holding not less than 75 per cent. of the total number of shares of PDO.

Under the PDO Shareholders' Agreement, in addition to approving certain customary administrative actions, the board of directors of PDO is responsible for approving the following actions with respect to PDO's Oil operations: (i) exploration, development and production work programmes; (ii) budgets and investment proposals; (iii) contract awards; (iv) certain gas agreements; and (v) PDO's annual decommissioning contribution. The board of directors of PDO must also approve PDO lending money and mortgaging, pledging or otherwise encumbering its legal or beneficial interest in any of its assets.

In terms of the management of PDO, under the PDO Shareholders' Agreement, EDO and Shell must discuss and agree on the persons to be nominated as managing director and deputy managing director. Once appointed, these officers serve for a maximum of two years after which they may be reappointed or replaced. Neither the managing director nor the deputy managing director are members of the board of directors of PDO.

Under the agreement, PDO may request EDO to provide information in regard to the availability, quantity, quality or otherwise of the natural gas which PDO may use for the purpose of petroleum operations in accordance with the Oil Operating Agreement.

Under the PDO Shareholders' Agreement, PDO must, and the shareholders of PDO will ensure that PDO will: (i) ensure that its business is conducted in accordance with all aspects of applicable laws, legislation and regulations and high standards of international petroleum industry practice with special regard to protection of health, safety and environment; (ii) establish policies consistent with its business principles and HSE policy; (iii) promptly advise each of the shareholders of any incidents arising out of or in connection with the operations of PDO which caused casualties or serious injuries or any material negative effect on the environment; (iv) ensure that the managing director and finance director of PDO will, jointly, each year provide the shareholders with certain written assurances; (v) ensure that the managing director of PDO provides the shareholders annual written assurance of compliance of PDO with the business principles and HSE policy; and (vi) undertake such actions as may be required of PDO by the application of law or the regulations of any recognised stock exchange to any shareholder or affiliate thereof.

Oil OEB SPA

On 24 February 2021, EDO and the Government entered into the OEB Sale and Purchase Agreement (the "**Oil OEB SPA**") for the sale of EDO's share of OEB from Block 6, including its participating interest share of Oil and AG condensate produced under the Oil Concession Agreement, as well as the NAG condensate produced under the Gas Concession Agreement. The Oil OEB SPA's initial term expired on 31 December 2021, but automatically renewed for an additional calendar year and will continue doing so for rolling one-year periods until terminated by either party no later than 30 September of the then current year. The parties must meet each year to discuss any issues relating to the renewal of the Oil OEB SPA.

Under the Oil OEB SPA, EDO's and EDO Gas' OEB shares are sold and delivered at PDO's Mina Al Fahal terminal where the Ministry of Energy and Minerals purchases the OEB for resale under its sales agreements with its customers. OEB sold by EDO and EDO Gas must be of normal export quality at the time of loading at the Mina Al Fahal terminal. The price per barrel payable for the quantities of OEB sold and delivered by EDO are set out in the relevant Ministry of Energy and Minerals customer sales agreements. Title to, possession and control of, and all risks associated with, the OEB pass to the Ministry of Energy and Minerals as the OEB passes the ship's manifold. The Government pays EDO and EDO Gas the price set out in an OEB sales agreement between the Ministry of Energy and Minerals and a pool of customers allocated to EDO and EDO Gas, about which the Ministry of Energy and Minerals notifies EDO and EDO Gas. These

contracts between the Ministry of Energy and Minerals and its customers typically have a term of one calendar year and are negotiated in the fourth quarter of the previous year. The Ministry of Energy and Minerals or the relevant customer are responsible for any taxes, charges, duties and other imposts applicable to the sale, purchase and lifting of the OEB. PDO, on behalf of EDO and EDO Gas, notifies the Ministry of Energy and Minerals of the expected stock level and production rate forecast to be available each lifting month and the Ministry of Energy and Minerals confirms the nomination of available volume as provided by PDO.

On 7 September 2023, EDO and EDO Gas entered into a back-to-back OEB sale and purchase agreement for the sale of NAG condensate (the "**NAG Condensate SPA**") effective from the Gas Operations Transfer Date, as described below.

NAG Condensate SPA

On 7 September 2023, EDO and EDO Gas entered into the NAG Condensate SPA for the sale of EDO Gas' share of OEB from the NAG condensate produced under the Gas Concession Agreement on back-to-back terms with the Oil OEB SPA. Accordingly, in line with the Oil OEB SPA, the NAG Condensate SPA will automatically renew every calendar year and will continue doing so for rolling one-year periods until terminated by either party no later than 30 September of the then current year.

From the Gas Operations Transfer Date, EDO Gas has become the owner of NAG condensate. Under the NAG Condensate SPA, EDO Gas sells condensate to EDO which sells it on to the Ministry of Energy and Minerals on back-to-back basis, under the existing NAG Condensate SPA. EDO continues to assume responsibility for selling NAG condensate production, as well as for the payment of royalties and taxes from the revenue derived from these sales. Under the NAG Condensate SPA, EDO Gas' OEB entitlements are sold and delivered at PDO's Mina Al Fahal terminal to EDO for back-to-back sales to the Ministry of Energy and Minerals under the Oil OEB SPA, for onwards resale under the latter's sales agreements with its customers. OEB sold must be of normal export quality at the time of loading at the Mina Al Fahal terminal. The price per barrel payable for the quantities of OEB sold and delivered by EDO under the Oil OEB SPA are set out in the relevant Ministry of Energy and Minerals customer sales agreements. Title to, possession and control of, and all risks associated with, the OEB pass to the Ministry of Energy and Minerals as the OEB passes the ship's manifold. The Government pays EDO (and EDO in turn pays EDO Gas its share of) the price set out in an OEB sales agreement between the Ministry of Energy and Minerals and a pool of customers allocated to EDO, and indirectly, EDO Gas, about which the Ministry of Energy and Minerals notifies EDO and EDO Gas. These contracts between the Ministry of Energy and Minerals and its customers typically have a term of one calendar year and are negotiated in the fourth quarter of the previous year. The Ministry of Energy and Minerals or the relevant customer are responsible for any taxes, charges, duties and other imposts applicable to the sale, purchase and lifting of the OEB. PDO, on behalf of EDO, notifies the Ministry of Energy and Minerals of the expected stock level and production rate forecast to be available each lifting month and the Ministry of Energy and Minerals confirms the nomination of available volume as provided by PDO.

Gas Concession

Gas Concession Agreement and 2023 Gas Concession NARA

On 20 April 2021, the Government, represented by the Ministry of Energy and Minerals, and EDO entered into the Gas Concession Agreement, pursuant to which the Government granted EDO rights to explore, search and drill for, produce and develop NAG and NAG condensate in Block 6, excluding the areas designated as Block 12 (other than existing NAG producing fields), Block 61 and Block 77 (as this may be amended or varied from time-to-time, the "**Gas Concession Area**").

Pursuant to the Gas Concession Agreement, the Government also assigned and transferred all existing assets used in the conduct of NAG operations in the Gas Concession Area to EDO. The Gas Concession Agreement

will remain in force until 31 December 2044 or such later date as the parties may agree, unless terminated earlier in accordance with its terms. The agreement contains customary termination rights and remedy periods in the event of a material breach. EDO may also terminate the agreement at any time on 12 months' notice. In the event of a conflict between the Gas Concession Agreement and the Oil Concession Agreement, the terms of the Oil Concession Agreement prevail.

On 7 September 2023, the Government, represented by the Ministry of Energy and Minerals, EDO, and EDO Gas signed the 2023 Gas Concession NARA, pursuant to which EDO assigned and transferred its rights to NAG and condensate (AG and NAG), its participating interest in and ownership of the Gas Operations and any other right or interest granted to EDO under the existing Gas Concession Agreement to EDO Gas. Effective from 1 July 2023, EDO's position under the Gas Concession Agreement has been novated to EDO Gas so that EDO Gas, for all purposes, has assumed the rights, interests, liabilities and obligations in respect of the Assigned Interest, and is entitled to the benefits thereof in the place of EDO. In addition, the 2023 Gas Concession NARA provides absolute title to the underlying gas assets to EDO Gas and permits EDO Gas to guarantee, lien, encumber, lease, sell, assign, transfer or otherwise dispose of gas assets (or any interest therein) for the purpose of raising finance (including by way of the issuance of bonds or sukuk directly or through a special purpose vehicle which may or may not be an affiliate of EDO Gas) for carrying out Gas Operations and/or, if approved by the Gas Board, any other general corporate financing needs, including dividend payments in accordance with the Company's and EDO's policies. As of the same date, EDO has ceased, for all purposes, to observe, perform, discharge and be bound by any rights, interests, liabilities, or obligations in relation to the Assigned Interest arising under the Gas Concession Agreement and has been released from its liabilities in respect of the Assigned Interest by the Government. Pursuant to the 2023 Gas Concession NARA, PDO will remain the Operator under the Gas Concession Agreement and certain terms and provisions of the Gas Concession Agreement have been amended to, amongst other matters: (i) reflect the transfer by EDO to EDO Gas; (ii) set out the rights of EDO Gas to sell or transfer, in whole or in part, its participating interests and any other ownership interest thereunder to a third party; and (iii) facilitate the raising of finance by EDO Gas.

Rights to NAG

The Gas Concession Agreement grants EDO Gas: (i) the exclusive rights to explore, search and drill for, produce and sell NAG from the Gas Concession Area; (ii) the exclusive ownership of all NAG at the wellheads in the Gas Concession Area; (iii) the exclusive ownership of all gas assets; (iv) the exclusive ownership of all NAG condensate (except for condensate from Yibal) upon its entry into the operator's infrastructure; (v) the right to use NAG upstream of where it is delivered to EDO by the operator free of charge and with priority over all other uses; however, NAG may only be flared with the written permission of the Government subject to limited exceptions; (vi) the right to use the gas assets in accordance with the terms of the Gas Concession Agreement; (vii) the right to transport and sell (for use within Oman or for export) and to export freely, or otherwise to deal with or dispose of, any and all of its entitlement to NAG, NAG condensate and any NAG by-products, free of export duty and taxes and all other similar charges, subject to certain restrictions; and (viii) the right, subject to the terms of the Gas Concession Agreement and applicable laws, to do all things necessary or desirable for the purposes of the above operations.

Subject to approval by its board, EDO Gas may use its gas assets to provide services to third parties, provided that the use of its assets for its own gas operations takes priority over any other uses unless otherwise approved by its board.

The Gas Concession Agreement permits EDO Gas to appoint an operator to undertake gas operations on its behalf and authorise such operator to exercise its rights and perform its obligations under the agreement. EDO Gas has appointed PDO as the operator of its gas operations.

EDO Gas is not permitted to use the Gas Concession Area in a manner other than as permitted by the Gas Concession Agreement without the consent of the Government.

NAG Sales

Pursuant to the Gas Concession Agreement, EDO Gas and the Government entered into the NAG Sales Agreement for the sale to the Government of all NAG produced from the Gas Concession Area. Effective 1 January 2023, the Government transferred all of its allocations, assets, rights and obligations under the NAG Sales Agreement to IGC Oman and, effective 1 July 2023, EDO transferred its Seller Interest under the NAG Sales Agreement to EDO Gas. Should IGC Oman not require all of the NAG capable of being produced from the Gas Concession Area, the Government may authorise EDO Gas to sell the NAG to third parties.

Fiscal Regime

Prior to the Gas Operations Transfer Date EDO paid, and after the Gas Operations Transfer Date EDO Gas pays, royalties to the Government on a weekly basis based on the monthly revenue using the MOG Price for the month of lifting multiplied by the number of barrels of petroleum taken in lieu of NAG condensate in such month. The royalties consist of a zero royalty, a base royalty and an additional royalty. Where the MOG Price is less than US$23.00 per barrel in any month, the applicable royalty is zero (zero royalty). In any month where the MOG Price is US$23.00 per barrel or more, a sliding scale royalty rate is calculated and paid as a percentage of NAG condensate export revenue using a formula of 55.6 per cent. minus the result of US$12.778 divided by the MOG Price per barrel (base royalty). In any month where the MOG Price is US$55.00 per barrel or more, an additional royalty is calculated and paid as a percentage of NAG condensate export revenue calculated as 15 per cent. multiplied by the result of the MOG Price per barrel minus US$55.00 per barrel divided by the MOG Price per barrel (additional royalty). This additional royalty is payable on top of the base royalty.

Further, prior to the Gas Operations Transfer date EDO paid, and after the Gas Operations Transfer Date EDO Gas pays, taxes on their taxable income under the Gas Concession at a rate of 55 per cent. The taxable income is calculated based on revenue minus cost recovery, which comprises the expenditures, the royalties paid, the operating gas costs incurred by PDO and an annual deduction for depreciation applied to capital gas costs by PDO. Cost recovery excludes certain taxes, duties, imposts and similar charges paid or payable in respect of gas operations, except for customs duties payable up to 5 per cent. The Government bears and funds all costs in respect of customs duties, import duties, taxes (other than income taxes and value added tax) and other similar charges incurred in the conduct of Gas Operations, except that the Gas Concession holder must fund customs duties up to a rate of 5 per cent.

Other than as set out above, EDO and EDO Gas are free and exempt from all taxes, imposts, charges imposed by the Government in respect of income derived from gas operations, all payments paid out of such income, and its capital, operations and property.

Subject to certain limited exceptions, all NAG condensate produced from the Gas Concession Area is exempt from harbour and port duties, export duties, imposts and charges of any kind. Under the Gas Concession Agreement, the Government has granted buyers of NAG condensate (or OEB taken in lieu of NAG condensate) and the transporters thereof an entitlement to export such NAG condensate or OEB from Oman and an exemption from all taxes, duties, imposts and charges in respect of their dealing in and transport of NAG condensate or OEB.

Conduct of Operations

EDO Gas must undertake, and must procure that PDO undertakes, gas operations in a diligent, efficient and workmanlike manner, and is required to take all reasonable measures to prevent fire, the ingress of extraneous water to any hydrocarbons bearing strata (except in the case of water flood operations) and pollution. EDO Gas must abandon any unproductive holes drilled by plugging in accordance with good oilfield practice having regard to all applicable health and safety laws. Subject to certain conditions, EDO Gas must give, and must procure that PDO gives, preference to goods and services made or produced in Oman.

Use of Land and Infrastructure

The Gas Concession Agreement provides that the Government must take all necessary steps to ensure that EDO Gas has the right, subject to certain limited exceptions, to construct, operate, maintain and use prescribed infrastructure, including facilities or works, required for the efficient and effective conduct of the gas operations (i) in the Gas Concession Area, without hindrance or the requirement for any further approvals or consents, and (ii) outside the Gas Concession Area as reasonably required for the efficient and effective conduct of gas operations, with such government approvals and consents as may be necessary.

EDO Gas may not carry out any operations over the surface of areas occupied by or devoted to the purposes of mosques, sacred buildings or graveyards. The parties also do not have the right to use or occupy any sites selected by the Government for defence purposes, airports, aeroplane or seaplane bases or for communication installations or in connection with the development of harbours, subject to certain limited exceptions. During times of emergency, the Government has the right to use any airstrips, harbours or communication installations maintained by EDO Gas free of charge.

If the Government grants any third party any concession or other agreement relating to the exploitation of hydrocarbons or any other public resource within the Gas Concession Area, the Government must use all reasonable endeavours to ensure that such concession or other agreement contains enforceable terms requiring such third party to abstain as far as is reasonably practicable from damaging, impeding or interfering with the property, operations, rights and interests of EDO Gas and PDO. In the event of a breach of any such agreement, the Government must enforce the terms and use any recovery to remedy any damages to EDO Gas.

Funding

EDO Gas must fund all Gas Operations. In the event that drilling is conducted for both Oil and NAG, drilling for Oil results in the discovery of NAG or drilling for NAG results in the discovery of Oil, EDO Gas and POHOL will agree a fair and equitable sharing of the costs of the drilling operations.

Ringfencing

The Gas Concession Agreement sets out procedures to resolve disagreements regarding investment proposals for projects proposed by the operator that the EDO Gas Board of Directors does not approve. In the event of continued disagreement, these procedures enable the Government to remove such projects from the terms of the Gas Concession Agreement and carry them out at its sole risk, subject to certain conditions.

NAG Sales Agreement and 2023 NAG Sales NARA

On 14 June 2021, EDO and the Government, represented by the Ministry of Energy and Minerals, entered into the NAG Sales Agreement for the sale of 100 per cent. of the NAG produced by PDO.

On 7 September 2023, EDO, IGC Oman and EDO Gas signed the 2023 NAG Sales NARA. The 2023 NAG Sales NARA states that, with retroactive effect:

- from 1 January 2023, IGC Oman replaced the Government as buyer of NAG under the NAG Sales Agreement and the Government assigned and transferred all of its allocations, assets, rights and obligations under the NAG Sales Agreement, as well as any related agreements, from the Ministry of Energy and Minerals to IGC Oman. The Government owns 100 per cent. of IGC Oman.
- from 1 July 2023, EDO assigned and transferred all of its rights and obligations as seller under the NAG Sales Agreement to EDO Gas and EDO Gas has replaced EDO as seller. As of the same date, EDO has ceased, for all purposes, to observe, perform, discharge and be bound by any rights, interests, liabilities, or obligations in relation to the Seller Interest arising under the NAG Sales Agreement and has been released from its liabilities in respect of the Seller Interest by the Government.

Under the terms of the NAG Sales Agreement, EDO Gas sells and uses reasonable efforts to make NAG available to IGC Oman, which, in turn, purchases and uses reasonable efforts to take NAG made available by EDO Gas. PDO delivers to EDO Gas such quantities of NAG on a first priority basis as may be required by IGC Oman to fulfil its obligations under the Oil Concession Agreement to make available NAG for petroleum operations. Title, risk of loss and damage to NAG passes to IGC Oman at the points of delivery, as defined in the NAG Sales Agreement. If IGC Oman does not require all of the NAG capable of being produced by PDO, the Government may authorise EDO Gas to sell the NAG to third parties.

NAG is sold at a fixed transfer price calculated using a "blended transfer price" methodology that accounts for the economics of Block 6 gas projects. Transfer prices are reviewed and agreed every five years to account for updates in Block 6 gas projects, macroeconomic trends and downstream gas sales prices. IGC Oman only pays for NAG actually taken and is not subject to any penalties if it takes quantities less than the annual or monthly quantity forecasted each contract year. For more information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations— Factors Affecting the Group's Results of Operations and Financial Condition—Supply, Demand and Price of Hydrocarbons—NAG*" and "*—Sales and Marketing—NAG*" above.

IGC Oman notifies EDO Gas of its reasonably estimated annual and monthly requirements for NAG during a contract year at least six months in advance of the start of such year. EDO Gas then notifies IGC Oman of the quantities of NAG that it reasonably expects to be able to supply at least three months prior to the start of the respective contract year. EDO Gas is not subject to penalties if it makes available less quantities than its annual or monthly forecasts. EDO Gas must furnish IGC Oman a monthly forecast setting out EDO Gas' projection of the average daily contract quantity of NAG to be supplied to IGC Oman that EDO Gas expects it will be able to make available across each delivery point each day. Any NAG in excess to the daily contract quality will be considered excess NAG and, subject to each party's consent and sole discretion, a party may make available or take as appropriate such excess NAG at the agreed monthly contract price.

NAG supplied by EDO Gas must comply with certain agreed specifications; however, if it does not, EDO Gas must promptly use reasonable efforts to remedy the quality failure, and, if unsuccessful, IGC Oman must make reasonable efforts to take off-specification NAG subject to certain limited exceptions. IGC Oman may elect, in its sole discretion, to refuse to take all or any part of such off-specification NAG until the quality failure has been remedied. Subject to certain carve-outs, EDO Gas is liable for any costs arising from IGC Oman accepting off-specification NAG, subject to a per year cap.

EDO Gas and IGC Oman may each assign or subcontract, in whole or in part, their rights or obligations under the NAG Sales Agreement provided each has obtained the other party's prior written consent and the prior consent of the Government. The NAG Sales Agreement will terminate upon the termination of the Gas Concession Agreement.

US$2.5 Billion Facility

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows—Capital Resources—US$2.5 Billion Facility*".

DIRECTORS AND MANAGEMENT

Board of Directors

EDO Gas

EDO Gas is managed by the EDO Gas Board of Directors, which comprises a chairperson and two additional directors.

EDO Gas Directors are appointed by the Board of Directors. The current EDO Gas Directors were appointed on 6 August 2023.

The table below shows the directors of EDO Gas:

Name	Title
H.E. Salim bin Nasser Al Aufi	Director and Chairperson
Mazin Rashid Nasser Al Lamki	Director
Sultan Ali Rashid Al Mamari	Director

The business address of each director is P.O. Box 828, Postal Code 116, Muscat, Sultanate of Oman.

The EDO Gas Board of Directors conducts its business in accordance with EDO Gas' constitutive contract and manual of authority and the rules and resolutions adopted by the EDO Board of Directors from time to time. The manual of authority provides that the EDO Gas Board of Directors shall be comprised of up to five members appointed by the Board of Directors from time to time. The manual of authority sets out matters reserved for the EDO Gas Board of Directors to approve, including, among others, approving strategy and corporate targets; the appointment of committees of the EDO Gas Board of Directors; supervising the performance of the executive management and ensuring the good performance of EDO Gas; approving company policies and standards not expressly provided for under the constitutive contract; and opening and closing accounts with banks and other financial institutions. The manual of authority further provides that the Board of Directors may revise from time to time the matters listed as decisions reserved for EDO (in its capacity as sole shareholder of EDO Gas) or for the EDO Gas Board of Directors, as well as the authority delegated to the Managing Director of EDO Gas.

Brief biographies of each member of the EDO Gas Board of Directors are set out below:

H.E. Salim bin Nasser Al Aufi, Director

H.E. Salim bin Nasser Al Aufi was appointed director of EDO Gas on 6 August 2023. He has over 28 years of experience with PDO in the Oil and gas industry. H.E. Salim bin Nasser Al Aufi also serves as the Minister of Energy and Minerals, a position he has held since June 2022, after having served as the Undersecretary of the Ministry of Energy and Minerals since December 2013. Prior to this, he was Oil North Director at PDO between 2010 and 2013. H.E. Salim bin Nasser Al Aufi joined PDO in 1992 and prior to being promoted to Oil North Director held various positions at PDO, both in Oman and internationally, including Head of Corporate Planning, Chief of Petroleum Engineering and Operations Manager. In May 2012, H.E. Salim bin Nasser Al Aufi was appointed by Royal Decree as CEO of the Public Authority for Civil Aviation. During his tenure at PDO, he was seconded to Shell in Nigeria as a Petroleum Engineer and Asset Planner and also to Shell in Canada as the Vice President of Production.

H.E. Salim bin Nasser Al Aufi holds a master's degree in Petroleum Engineering from Heriot Watt University, Dubai, United Arab Emirates. He also serves on the Board of Directors. See *"—EDO"* below.

Mazin bin Rashid Al Lamki, Director

Mazin bin Rashid Al Lamki was appointed director of EDO Gas on 6 August 2023. Throughout the last 22 years, Mazin bin Rashid Al Lamki has built an extensive international oil and gas experience in multicultural environments with diverse operational, technical and commercial expertise across various functions. Prior to his appointment as CEO, he was the Chief Operating Officer of Mubadala Petroleum LLC in the United Arab Emirates, a position he held since March 2017. Over the last 10 years, Mazin has held several leadership positions at Mubadala Petroleum, including Thailand Country President, Senior Vice President Operations and Chief Operating Officer. Prior to this, he was the Manager of Asset Management at Mubadala Development Company between September 2009 and August 2011. From September 2000 and August 2009, Mazin held various roles at Schlumberger Limited covering various technical and commercial assignments across the Middle East, North America and Southeast Asia, such as Field Engineer, Operations Manager and Sales and Marketing Manager. Mazin began his career with PDO in September 1998, where he worked as a Construction and Maintenance Mechanical Supervisor until September 2000.

Mazin holds a Bachelor of Engineering in mechanical engineering from the University of Manchester and a Master's degree in Management of Oil and Gas from The Heriot-Watt University. He also holds a Leadership Certificate in the Breakthrough Programme for Senior Executives from the IMD Business School, Switzerland. He is certified as a professional in mergers and acquisitions by the London Business School. He also serves as the Chief Executive Officer and Executive Director of EDO. See *"—Senior Management*" below.

Sultan Al Mamari, Director

Sultan Al Mamari was appointed as a director of EDO Gas on 6 August 2023. Sultan has more than 20 years of experience, mainly with oil and gas companies across different functions such as finance, strategy, investment and field development. Prior to joining EDO, Sultan worked as strategy lead for Oman Investment Authority and as the Vice President of Upstream Finance with OQ. Throughout the course of his career, Sultan has worked with various operators such as PDO, Occidental and Schlumberger Oil Services.

Sultan holds a bachelor's degree in Petroleum Engineering and a post graduate diploma in reservoir engineering at Sultan Qaboos university. He also serves as the Chief Financial Officer of EDO. See *"—Senior Management*" below.

EDO

EDO is managed by the Board of Directors. The Board of Directors' role is to foster the overall success of EDO by enhancing EDO shareholder value, evaluating the performance of senior management, approving and overseeing the implementation of EDO's corporate strategy and plans, measuring corporate performance against plans and targets and acting as a resource for management in matters of planning and policy. The Board of Directors plays an active role in reviewing the new investments and projects, as well as in approving EDO's strategy, business plans and annual budgets. EDO's management also updates the Board of Directors on the status of its investments and projects on a regular basis.

The Board of Directors comprises a chair and four other non-executive directors. The Board of Directors contains representatives from the Ministry of Finance, the Ministry of Energy and Minerals and a representative of the OIA.

EDO's Directors are appointed by His Majesty by Royal Order and continue until replaced. All current EDO Non-Executive Directors were appointed in December 2020 except for H.E. Mohsin bin Hamed Al-Hadhrami, who was appointed in December 2022. Mazin Al Lamki was appointed Chief Executive Officer and Executive Director in March 2022.

The table below sets out the current members of the Board of Directors:

Name	Title
H.E. Salim bin Nasser Al Aufi	Chairman and Non-Executive Director
H.E. Mohsin bin Hamed Al-Hadhrami.....	Non-Executive Director
H.E. Abdullah bin Salim Al Harthi	Non-Executive Director
Mr. Mulham bin Basheer Al-Jarf	Non-Executive Director
H.E. Nasser bin Khamis Al-Jashmi	Non-Executive Director

The business address of each director of the Board of Directors is P.O. Box 828, Postal Code 116, Muscat, Sultanate of Oman.

The Board of Directors conducts EDO's business in accordance with EDO's articles of association and the rules and resolutions adopted by the Board of Directors. The articles of association provide that meetings of the Board of Directors may be convened by the Chairperson at any time, with a minimum attendance requirement of at least four of its members being present or represented. The articles of association provide that the Board of Directors shall have the power and authority to manage EDO. The Board of Directors may by resolution and as required by the laws of Oman form committees and delegate its authority to perform some of the activities entrusted to the Board of Directors.

The Board of Directors has full authority to perform all acts required for the management of EDO pursuant to EDO's commercial objects to: (i) own an interest in PDO; (ii) own an interest in the Block 6 petroleum agreements and undertake hydrocarbon exploration and production operations in Oman in accordance with such agreements; (iii) undertake any other projects, operations and activities related to the exploration, development, extraction, production, transportation, ownership, sale, storage and delivery of hydrocarbons; (iv) undertake any projects, operations and activities related to renewable energy in Oman; and (v) carry on any other business or activity which its shareholders consider is or may be carried on for the benefit of EDO. Such authority will not be limited or restricted except as provided by the laws of Oman, the articles of association of EDO or a resolution of the general meeting.

The Board of Directors appoints the CEO of EDO who reports to the Board of Directors, the CFO of EDO and other senior managers who report to the CEO and manage the business of EDO's activities on a day-to-day basis.

Brief biographies of each of the members of the Board of Directors are set out below:

H.E. Salim bin Nasser Al Aufi, Chair and Non-Executive Director

H.E. Salim bin Nasser Al Aufi has been a non-executive director of EDO since December 2020. For his full biography, see "*—Board of Directors—EDO Gas—H.E. Salim bin Nasser Al Aufi, Director*" above.

H.E. Mohsin bin Hamed Al-Hadhrami, Non-Executive Director

H.E. Mohsin bin Hamed Al-Hadhrami has been a non-executive director of EDO since April 2023. He was appointed Undersecretary of the Ministry of Energy and Minerals in December 2022. He has over 27 years of experience in the private sector. Prior to this appointment, Al-Hadhrami was the New Energy Director in Schlumberger Middle East and North Africa. In addition, he has extensive experience in the renewable oil and gas sector. He worked in the field of strategic marketing, preparing and implementing a strategy for renewable energy business growth, and has experience in carbon dioxide capture and storage and geothermal energy.

H.E. Mohsin bin Hamed Al-Hadhrami holds a bachelor's degree in Geophysics from Durham University in the United Kingdom.

H.E. Abdullah bin Salim Al Harthi, Non-Executive Director

H.E. Abdullah bin Salim Al Harthi has been a non-executive director of EDO since December 2020. He is also the Undersecretary of the Ministry of Finance, a position he has held since July 2020. Prior to joining EDO, he was the Chief Financial Officer of the State General Reserve Fund before it merged into the OIA. H.E. Abdullah bin Salim Al Harthi also serves as a member of the board of directors of the OIA and is a member of the Board of Governors of the Central Bank of Oman.

H.E. Abdullah bin Salim Al Harthi is a CFA Charterholder. He has a master's degree in Business Administration from IMD Business School, Switzerland.

Mr. Mulham bin Basheer Al-Jarf, Non-Executive Director

Mr. Mulham bin Basheer Al-Jarf has been a non-executive director of EDO since his appointment in December 2020. He has over 25 years of commercial experience in international business and finance and also serves as Deputy President for Investment of the OIA. Previously, Mulham bin Basheer Al-Jarf was the Deputy Chief Executive Officer of Oman Oil Company SAOC (later renamed OQ SAOC) and has held positions at the Ministry of Energy and Minerals, Oman Gas Company SAOC and Omantel (previously General Telecommunications Organization). Mr. Mulham bin Basheer Al-Jarf also serves as Chairman of OQ SAOC.

Mulham bin Basheer Al-Jarf holds a bachelor's degree in Business Administration in International Business from Marymount University in Arlington, Virginia (United States), and is a qualified barrister in England and Wales.

H.E. Nasser bin Khamis Al-Jashmi, Deputy Chairman and Non-Executive Director

H.E. Nasser bin Khamis Al Jashmi has been a non-executive director of EDO since his appointment in December 2020. He also serves as the Government's Chairman of the Tax Authority. Prior to joining EDO, he held several senior positions in the Government, including Undersecretary of the Ministry of Finance from 2013 to 2019 and Undersecretary of the Ministry of Energy and Minerals from 2003 to 2013. He also serves as the chairman and is a member of various other boards and committees, including being Chairman of the National Centre for Statistics and Information, Chairman of the Telecommunications Regulatory Authority, and Deputy Chairman of the PDO Board.

H.E. Nasser bin Khamis Al Jashmi holds a master's degree in Applied Economics from American University, Washington D.C., United States.

Senior Management

EDO's CEO and the senior management are responsible for the proper management, supervision and direction of EDO's business and affairs. In particular, the CEO is responsible for EDO's technical, administrative and financial affairs and such targets and policies as may be set by the Board of Directors.

The table below sets out EDO's senior management team.

Name	Title
Mazin Al Lamki	Chief Executive Officer and Executive Director
Sultan Al Mamari	Chief Financial Officer
Azhar Al Kindi	Chief Operating Officer
Hamed Al Barashdi	General Counsel
Mohammed Al Harrasi	Director, Corporate and Business Services
Bader Al Abri	Acting Head of Portfolio Management — Block 6

The business address of each member of senior management is PO Box 828, PC 116, Muscat, Sultanate of Oman.

Brief biographies of each of the members of EDO's senior management are set out below.

Mazin bin Rashid Al Lamki, Chief Executive Officer and Executive Director

Mazin bin Rashid Al Lamki was appointed Chief Executive Officer and Executive Director of EDO in March 2022. Throughout the last 22 years, Mazin bin Rashid Al Lamki has built an extensive international oil and gas experience in multicultural environments with diverse operational, technical and commercial expertise across various functions. Prior to his appointment as CEO, he was the Chief Operating Officer of Mubadala Petroleum LLC in the United Arab Emirates, a position he held since March 2017. Over the last 10 years, Mazin has held several leadership positions at Mubadala Petroleum, including Thailand Country President, Senior Vice President Operations and Chief Operating Officer. Prior to this, he was the Manager of Asset Management at Mubadala Development Company between September 2009 and August 2011. From September 2000 and August 2009, Mazin held various roles at Schlumberger Limited covering various technical and commercial assignments across the Middle East, North America and Southeast Asia, such as Field Engineer, Operations Manager and Sales and Marketing Manager. Mazin began his career with PDO in September 1998, where he worked as a Construction and Maintenance Mechanical Supervisor until September 2000.

Mazin holds a Bachelor of Engineering in mechanical engineering from the University of Manchester and a Master's degree in Management of Oil and Gas from The Heriot-Watt University. He also holds a Leadership Certificate in the Breakthrough Programme for Senior Executives from the IMD Business School, Switzerland. He is certified as a professional in mergers and acquisitions by the London Business School.

Sultan Al Mamari, Chief Financial Officer

Sultan Al Mamari was appointed Chief Financial Officer of EDO in March 2022. Sultan has more than 20 years of experience, mainly with oil and gas companies across different functions such as finance, strategy, investment and field development. Prior to joining EDO, Sultan worked as strategy lead for Oman Investment Authority and as the Vice President of Upstream Finance with OQ. Throughout the course of his career, Sultan has worked with various operators such as PDO, Occidental and Schlumberger Oil Services.

Sultan holds a bachelor's degree in Petroleum Engineering and a post graduate diploma in reservoir engineering at Sultan Qaboos university.

Azhar Al Kindi, Chief Operating Officer

Azhar Al Kindi was appointed Chief Operating Officer of EDO in October 2023. Azhar Al Kindi has over 20 years of experience in the global energy industry. Prior to joining EDO, he was COO and Deputy CEO at Petrogas E&P LLC. He previously worked at Shell as Regional Functional Manager in Australia, as well as sub-surface Team Leader in Shell E&P's Americas division.

Azhar holds a bachelor of science (hons) in Physics from Durham University in the United Kingdom. He has also undertaken selective master's degree in Business Administration modules and received professional training in leadership, business, health, safety, environment, technical aspects, economics and commercial practices.

Hamed Al Brashdi, General Counsel

Hamed Al Brashdi was appointed General Counsel of EDO in July 2023. Prior to becoming General Counsel, he worked as Head of Legal of Daleel Petroleum LLC between January 2015 and July 2023. He previously worked as Legal Counsel of PDO between 2008 and 2015, Legal Officer of Mazoon Electricity Company

SAOC, which is now known as Nama Electricity Distribution Company SAOC, between 2006 and 2008 and Legal Researcher of the Supreme Court between 2003 and 2006.

Hamed holds a law degree from the Sultan Qaboos University in Muscat, Oman.

Mohammed Al Harrasi, Director, Corporate and Business Services

Mohammed Al Harrasi was appointed as Director of Corporate and Business Services in May 2022. He has over 15 years of experience in the energy and investment industry with a speciality in business process and digitalisation, organisational competitiveness and effectiveness. Mohammed has experience as a strategic partner during the start-up phase of businesses and organisational transformations. Mohammed previously worked for the Oman Investment Authority and Petrogas E&P Group.

Mohammed holds a bachelor's degree in Commerce and a master's degree in International Human Resources Management. Mohammed has completed the CIPD Diploma Level.

Bader Al Abri, Acting Head of Portfolio Management — Block 6

Bader was appointed Head of Portfolio Management for Block 6 with EDO in January 2023. Bader has over 10 years of experience and has worked in multiple oil and gas developments and power generation projects.

Prior to his appointment, he held multiple positions, including as Vice President Assurance for Upstream, Project and Alternative Energy and Projects Lead (Bisat Phase I and Phase II Oil Development) with OQ. He started his career as a Thermal Systems Engineer and Senior Project Engineer for PDO.

Bader holds a PhD in Surface-Subsurface Model for the Techno-Economic and Risk Evaluation of Thermal EOR Projects and an MSc in Thermal Energy from Cranfield University in the United Kingdom, and a BSc in Mechanical Engineering from the University of Nottingham in the United Kingdom.

Conflicts

There are no conflicts of interest between the duties of the members of the Board of Directors and EDO's senior management listed above to EDO and their private interests or other duties.

Corporate Governance

EDO is committed to adopting, applying and continuously improving the highest standards of corporate governance in all its activities and operations. A number of policies have been and are being developed, including the code of conduct, human resource policy and procurement policy. The Board of Directors has one committee, the Audit and Risk Management Committee, which is supported in its work by an internal audit function.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board of Directors in fulfilling its oversight responsibilities related to (i) the integrity of the financial reporting process, (ii) the effectiveness of internal control, (iii) the performance and independence of EDO's internal audit function and external auditors, (iv) the systems for compliance with the laws and regulations and (v) the adequacy and effectiveness of risk management.

The Audit and Risk Management Committee has a wide range of responsibilities, including:

- the nomination of the external auditor and review of their annual report;
- the review of EDO's financial statements;
- the preparation of the annual report;

- issues raised in audit opinions, reports, control reviews and by the external auditor and State Audit Institution;
- related party transactions to be disclosed at the annual general meeting; and
- the approval and implementation of a risk management policy and the submission of risk management reports.

In exercising its responsibilities, the Audit and Risk Management Committee has the power to request the attendance of the CFO in its meetings, information from any employee of EDO and the advice of professional and competent persons.

The Audit and Risk Management Committee meets as frequently as required (as determined by the chair) and at least four times a year. Its members are appointed by the Board of Directors. It currently comprises two members: H.E. Abdullah Al Harthi – Undersecretary Ministry of Finance (as chairman) and Mr. Mulham Al Jarf – Acting Deputy President – Investment from Oman Investment Authority (as member).

Code of Conduct

The Board of Directors is responsible for setting ethical standards and values for EDO and ensuring that they are embedded as part of EDO's culture. As part of the continuing development of EDO's culture, the Board of Directors has adopted a code of conduct for EDO.

PDO has a code of conduct that applies to all of its employees and directors. The PDO Managing Director monitors and oversees the implementation of the code. The PDO Board decides on code-related matters pertaining to the Managing Director and his direct reports. EDO's Audit Committee assists in the oversight responsibilities relating to the code.

The code of conduct sets standards in a range of areas, including:

- conflicts of interest;
- business interest;
- gifts and entertainment;
- business integrity (including treating contractors and Group partners fairly, gathering market intelligence only in a legal and ethical manner and complying with trade restrictions and sanctions);
- confidentiality;
- protecting corporate assets;
- health, safety and environmental protection;
- workplace practices (such as treating other employees with respect and ensuring that personal data laws are observed); and
- whistleblowing.

REGULATION OF THE OIL AND GAS INDUSTRY IN OMAN

The Oil and Gas Law

Overview

The Oil and Gas Law promulgated by Royal Decree № 8/2011 (the "**Oil and Gas Law**") applies to all petroleum substances, petroleum resources and petroleum operations within Oman.

EPSAs and Licences

Under the Oil and Gas Law, rights to explore, prospect for, appraise, develop and exploit petroleum substances are granted on the basis of a concession agreement, typically executed in the form of an EPSA, which takes effect after the Government promulgates a Royal Decree ratifying such EPSA. Block 6 is governed by concession agreements that are not EPSAs. For further information on the Concessions, see "*Material Agreements*". The Ministry of Energy and Minerals, acting on behalf of the Government, is the body authorised to negotiate and agree the commercial terms of EPSAs with Oil and gas exploration and production companies. Under the Oil and Gas Law, rights to import, export, transport, store, distribute, process or market petroleum substances are subject to a separate licence from the Ministry of Energy and Minerals. The Ministry of Energy and Minerals grants EPSAs and licences related to petroleum operations pursuant to regulations, procedures and policies established from time to time, which outline the terms and conditions relating to the granting of an EPSA or licence.

Ownership Rights

Under the Oil and Gas Law, all petroleum substances (and minerals) in their natural state, wherever they are found in Oman, are the property of the state. An EPSA does not grant ownership rights to its recipient ("**Right-Holders**"). Right-Holders are prohibited from assigning or transferring any of their rights or obligations under the EPSA unless the assignment or transfer is approved by the Ministry of Energy and Minerals and a promulgated Royal Decree.

Supervision and Implementation of the Oil and Gas Law

The Ministry of Energy and Minerals, acting on behalf of the Government, is the only body responsible for implementing the Oil and Gas Law. The Ministry of Energy and Minerals undertakes all licensing, contractual negotiations and other regulation of petroleum resources in Oman. It also oversees all petroleum exploration and production activities carried out in Oman. The Ministry of Energy and Minerals oversees all aspects of Right-Holders' petroleum operations, including technical operations and the review of all Right-Holder revenues and expenses.

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

Production Decisions

The Ministry of Energy and Minerals has sovereign, exclusive and binding authority to make production decisions in the relevant EPSA regarding the maximum level of petroleum substances that a Right-Holder can produce at any time. In making a production decision, the Ministry of Energy and Minerals considers the Government's economic development, environment conservation, national security, political and developmental goals, foreign policy, diplomatic considerations, domestic energy needs, public interest and any other sovereign interest. In setting the level of production, consideration is given to the economic or operational effects of the particular Right-Holder. A Right-Holder must provide the Ministry of Energy and Minerals with any requested information relating to petroleum exploration, extraction and production, including financial and technical data, discovery data and any other information that could facilitate the issuance of a production decision. The Government has unrestricted access to such information.

Conservation of Oil and Gas Resources

Royal Decree № 114/2001 issuing the Law on Conversation of the Environment and Prevention of Pollution requires entities that are engaged in the exploitation of natural resources to set up controls for the optimum exploitation of those resources to ensure their conservation and protection from pollution. In addition, the terms of an EPSA require that petroleum operations be managed and maintained in a professional, adequate and active manner in accordance with international industry standards, the Oil and Gas Law and the regulations promulgated thereunder, and in an economically feasible and efficient manner that promotes the long-term productivity of reservoirs in the concession area and supports the prudent stewardship of petroleum resources and petroleum substances, and limits their abandonment.

Additional Right-Holder Obligations

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

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

Gas Supplies and Pricing

IGC Oman as Aggregator

Prior to 1 January 2023, the Government gas aggregator was the Ministry of Energy and Minerals. Pursuant to MEM Ministerial Decision No. 19/2023 and Ministerial Decision No. 248/2022 of the Minister of Finance, the Ministry of Finance established IGC Oman and transferred all the agreements relating to the sale, purchase, supply and transportation of NAG from the Ministry of Energy and Minerals to IGC Oman.

Accordingly, effective 1 January 2023, IGC Oman, on behalf of the Government, acts as the national gas aggregator of Oman and is responsible for procuring all quantities of AG and NAG (except quantities of AG used by operators in petroleum operations) from gas producers in Oman and selling such gas to downstream buyers in Oman.

Marketing and Sales Rights

A licence is required from the Ministry of Energy and Minerals for the marketing of all petroleum substances. Generally, produced Oil can be freely marketed.

Allocation of Natural Gas

Typically, producers of natural gas must, pursuant to the terms of their respective EPSA, sell their gas production, excluding gas used for operations, to IGC Oman. This is typically done by way of long-term gas sale and purchase agreements (with the Ministry of Energy and Minerals, via IGC Oman, as buyer). IGC Oman aggregates all gas quantities procured from gas producers and sells to downstream buyers in the local market pursuant to natural gas sale and purchase agreements (with the Ministry of Energy and Minerals as seller).

Gas Pricing

Gas prices are set by the Government on long-term gas or liquefied natural gas sales contracts. An inter-ministerial gas allocation committee, which includes representatives from the Ministry of Commerce,

Industry and Investment Promotion, the Ministry of Finance, the Ministry of Economy, the Public Authority for Special Economic Zones and Free Zones and the Ministry of Energy and Minerals reviews the gas applications and accordingly allocates the gas to downstream buyers.

Pricing of Oil

Omani Oil is one of the few Middle Eastern Oils to be freely traded on the spot market and the first and only Oil to be traded on a futures exchange. In November 2006, the Ministry of Energy and Minerals announced that Oman would adopt forward pricing of its Oil based on Dubai Mercantile Exchange Oman, the first Oil futures contract designed to serve the Oil pricing needs of the Middle East and Asia markets, and traded on the Dubai Mercantile Exchange.

Other Relevant Laws and Regulations

Health and Safety Regulations

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

Health and safety principles and obligations are included in various legislative acts such as the Oil and Gas Law, Royal Decree № 29/2013 promulgating the Omani Civil Transactions Law, Royal Decree № 35/2003 promulgating the Labour Law and Ministerial Decision № 286/2008 in relation to Occupational Health and Safety Measures.

Environmental Regulations

Under the Law on Conversation of the Environment and Prevention of Pollution, promulgated by Royal Decree № 114/2001, the Environment Authority is charged with the general supervision of environmental affairs in Oman, including in relation to upstream operations. This law sets out wide-ranging prohibitions on pollution and contamination of air, land or water. No process, activity or area of work that could, directly or indirectly, cause environmental pollution can be conducted or established before obtaining an environmental permit from the Environment Authority confirming its environmental soundness. All Right-Holders must obtain an environmental permit from the Environment Authority. Prior to the application for the environmental permit, a detailed environmental impact assessment and baseline survey may be required to be completed by the applicant in accordance with relevant environmental specifications and standards.

A number of ministerial decisions have been issued under the Law on Conversation of the Environment and Prevention of Pollution and the Environment Authority is expected to issue additional regulations.

In addition, Ministerial Decision № 18/1993 relating to Regulations for the Management of Hazardous Waste, which governs the management of hazardous waste, including any waste arising from commercial, industrial, agricultural or any other activities that are hazardous or potentially hazardous to the environment, is likely to cover waste generated in Oil or gas extraction and processing activities. A hazardous waste licence is required from the Environment Authority to discharge hazardous waste or to mix it with any other waste.

Omanisation

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

typically requires Right Holders to pay a prescribed amount annually to the Ministry of Energy and Minerals for the purpose of training Omani nationals.

Pension Merger Law

Royal Decree № 33/2021 (Concerning the Regulations for Retirement and Social Security) was issued on 7 April 2021 and provides that public sector pension funds in Oman, as well as the PDO employee pension fund, will be integrated into two funds: (i) the Social Security Fund; and (ii) the Military and Security Services Fund. This integration is supervised by a committee formed by a decision of the Council of Ministers and is currently ongoing.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.*

Book-Entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**"), as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of a DTC Note ("**Beneficial Owner**") is, in turn, to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through

which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements, as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "**Omnibus Proxy**") to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through, or maintain a custodial relationship with, an accountholder of either system.

Book-Entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in US Dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than US Dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into US Dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and

not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (the "**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations nor will the Issuer, the Guarantor, any Agent, any Arranger or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant issue date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant issue date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Offering Circular and is subject to any changes in law that might take effect after such date.

Oman

The statements herein regarding taxation are based on the laws in effect in Oman as at the date of this Base Offering Circular and are subject to any changes of law and regulation as well as changes in the practice of the Oman Tax Authority occurring after such date. The following is a summary only of the material Omani tax consequences of ownership of the Notes by beneficial owners who are not Oman Tax Residents (as defined below).

The following summary does not purport to be a comprehensive description of all the tax considerations and is not intended to reflect the individual tax position of any beneficial owner, which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their acquiring, holding, and disposing of the Notes, including in particular the effect of any local laws.

Withholding Tax in Oman

Pursuant to Article 52 of the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Oman Income Tax Law**") (as amended by Royal Decree 09/2017 and by Royal Decree 118/2020, the "**Tax Amendments**"), withholding tax ("**WHT**") is payable on the following categories of income earned in Oman:

(a) royalties;

(b) consideration for conducting research and development;

(c) consideration for using or the right to use computer programs;

(d) fees in consideration for management or performance of services; and

(e) payment of dividends on shares or interest.

The applicable tax rate is 10 per cent. of the gross amount paid or credited to the account of a non-resident person.

Royal Decree 09/2017 amended the Oman Income Tax Law to include payments to non-resident persons towards "provision for services" as part of the specified payments that are subject to WHT. However, there was further clarity required with respect to applicability of WHT on services rendered outside Oman and the type of services on which WHT would be applicable.

The Ministerial Decision № 14/2019 amending the Executive Regulation issued by the Ministerial Decision № 30/2012 ("**ER**"), clarified some of the above provisions. The amended ERs define the term "realized in Oman" to mean "whenever the source of such funds is from Oman", which could possibly mean where the

payer is located i.e., in Oman, if the payer happens to be a taxpayer in Oman. Further, the ERs have excluded the following seven categories of payments from "payment in considerations of rendering services", for WHT purposes:

- conferences, seminars or exhibitions;
- training;
- transport and shipping of goods and insurance thereupon;
- airline tickets and cost of staying abroad;
- board meetings;
- payments for re-insurance; and
- services rendered in relation to any activity or property located outside Oman.

In view of the above exclusions, it is noted that all other services except the above exclusions, irrespective of the place of rendition are now subject to WHT in Oman, subject to further relief, if any, as per the applicable double taxation avoidance agreement that Oman has with other countries.

In addition, Ministerial Decision № 14/2019 provides that, for the purpose of WHT deductible pursuant to Article 52(5) of the Oman Income Tax Law, the term "interest" shall not include revenues of bonds or sukuk issued by the Government or banks licensed in Oman.

WHT shall not be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any Oman-based "tax residents", as such term is defined under Article 18 (bis) of the Oman Income Tax Law as being: "*...(1) a natural person residing in Oman during a fiscal year, provided that they have been present within Oman for a period for 183 consecutive or non-consecutive days during the fiscal year, (2) a corporate person residing in Oman during the fiscal year, provided that it meets any of the following criteria: (a) that it has been established in Oman as per the laws and Royal Decrees in force therein, or (b) that its main or actual headquarters is located in Oman*" ("**Oman Tax Residents**"). However, WHT shall be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any persons who are not Oman Tax Residents in the cases specified in Article 40, read with Article 52, of the Oman Income Tax Law if such persons do not have a permanent establishment in Oman.

Additionally, the Tax Amendments extend the requirement to deduct WHT payable pursuant to Article 53bis to any Ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman.

Oman-registered institutional investors are Oman Tax Residents and, therefore, will not be subject to Omani WHT. However, offshore institutional investors who are not Oman Tax Residents may be subject to WHT depending upon the type of income earned, regardless of whether or not they are owned by Oman Tax Residents.

The application of Omani WHT is subject to relief, if any, as per the applicable double taxation avoidance agreement that Oman has with other countries.

On 11 January 2023, the 2023 Royal Directive was issued under which it was announced that WHT would no longer apply to dividend distributions and interest amounts. The 2023 Royal Directive has not been issued by way of a formal Royal Decree or published in the Official Gazette and no official confirmation of the form or text of the 2023 Royal Directive has been released, however, details were published online by the Omani Ministry of Interior.

In addition, on 30 October 2023, the Public Debt Law (promulgated by Royal Decree 68/2023) came into force in Oman and confirmed that "Public Debt Instruments" (as defined therein and which include

Government bonds, treasury bills, Sukuk, loan guarantees and loan agreements), their value, returns, interest or profits resulting therefrom will not be subject to fees or taxes (the "**Public Debt Tax Exemption**"). Whilst Public Debt Instruments are referred to as those denominated in Omani Rial, the Issuer and the Guarantor understand that the Public Debt Law is intended to apply more broadly to all such instruments issued by the Government of Oman and regardless of currency. The implementing regulations of the Public Debt Law have not yet been issued and further guidance on the application of the Public Debt Tax Exemption and whether the Public Debt Tax Exemption extends to Government-related entities (such the Issuer and the Guarantor) may be set out in those regulations.

The apparent effect of the 2023 Royal Directive is that no withholding tax will be applicable to interest payments made by the Issuer to Noteholders who are not Oman Tax Residents, indefinitely.

In cases where the arrangement fees, commitment fees or agency fees are regarded as fees in consideration for management or performance of services, the suspension of the WHT on interest would not apply to these fees and hence, the same would be subject to WHT.

Corporate income tax

Tax in Oman is governed by the Oman Income Tax Law and various other Royal Decrees and Ministerial decisions.

Tax is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (registered/unregistered branches) of non-resident persons.

Taxpayers engaged in the field of oil exploration are taxed at 55 per cent. of any income derived from the sale of petroleum under the Oman Income Tax Law. However, in Oman, Oil and gas exploring taxpayers majorly are taxed based on the underlying EPSAs, which define the tax rates and other specific provisions related to the tax liabilities of these companies and compliance requirements, etc. EPSA generally override the provisions of the Oman Income Tax Law. Similarly, the tax liability of EDO is administered by the Fiscal Protocol and Concession Agreements entered into with the Government of Oman for Oil and gas businesses, respectively, and the tax liability of EDO Gas is administered by the Gas Concession Agreement.

Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with more than 36 countries which includes the United Kingdom, France and Spain, among others.

Capital Gains Taxes in Oman

Under the Oman Income Tax Law, gains on the sale or redemption of the Notes made by Noteholders who are residents or are deemed to have a permanent establishment in Oman will be subject to a tax of 15 per cent. of their taxable gain from such sale or redemption, if such income (i) forms part of such Noteholder's business profits which are realised in Oman and are recorded as having been realised as such in its financial statements, and (ii) such Noteholders are not otherwise exempted under the Oman Income Tax Law. Consequently, any profit or gain realised by a Noteholder as a result of the sale and/or redemption of Notes shall constitute part of the Noteholder's taxable income in Oman only where such proceeds are attributable to the Noteholder's permanent establishment in Oman and are recorded as such in its financial statements. A Noteholder who is neither resident in Oman nor deemed to have permanent establishment in Oman should not be liable for such tax. For the avoidance of doubt, a Noteholder will not be deemed to have a permanent establishment in Oman on the sole basis of its ownership of the Notes.

Value Added Tax in Oman

On 12 October 2020, His Majesty Sultan Haitham bin Tariq Al Said issued Royal Decree № 121/2020 promulgating the law on value added tax (the "**VAT Law**"). The VAT Law was published in the Official Gazette of Oman on 18 October 2020 and came into effect on 16 April 2021. The VAT Law imposes a value added tax at a standard rate of 5 per cent. on most goods and services supplied within Oman or imported in Oman, with certain exemptions, suspensions and zero rating for the oil and gas, financial services, transportation, education and healthcare sectors. On 4 January 2021, the Oman Tax Authority issued three decisions in relation to the VAT Law, the first of which determines the monetary thresholds for mandatory and voluntary registration, the second provides a list of food items that are subject to VAT at zero rate and the third determines a schedule for mandatory tax registration for taxable persons. On 10 March 2021, the Oman Tax Authority issued the executive regulations to the VAT Law through Ministerial Decision № 53/2021, which were subsequently amended in October 2022. Between March and April 2021, two further decisions (№ 59/2021 and № 65/2021) were issued in relation to VAT, providing a list of medicines and medical devices and further food items that are subject to VAT at zero rate. The list of food items referenced in Decision № 65/2021 was amended by Decision № 89/2022 to include additional food items that are subject to VAT at zero rate. On 7 July 2021, Royal Decree № 50/2021 was issued to ratify the Unified Agreement for Value Added Tax for the States of the Cooperation Council for the Arab States of the Gulf, dated 27 November 2016.

Other Taxes in Oman and relevant updates

No stamp, issue, registration fees or similar direct or indirect taxes or duties will be payable in Oman in connection with the issuance, delivery, or execution of the Notes by the Issuer.

Enforcement will entail filing of legal proceedings before the courts of Oman, which requires the payment of court fees.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, such as Notes with a term of more than 30 years or with certain contingent payment features or with payments denominated or determined by reference to more than one currency, and additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note may be provided, as appropriate. This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes that are part of the same issuance are sold for money, excluding sales to underwriters, placement agents or wholesalers) in their initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad, U.S. holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the US dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code. This summary does not otherwise address Bearer Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General

Interest on a Note (including any taxes withheld and any additional amounts paid with respect thereto), whether payable in US dollars or a single non-U.S. dollar currency (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*—Original Issue Discount—General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "*—Original Issue Discount*") generally will constitute income from sources outside the United States. Such income generally will constitute "passive category income" for purposes of the foreign tax credit. A U.S. Holder may be entitled, subject to certain complex limitation, to a credit against its U.S. federal income tax liability, or to a deduction, if elected, in computing its U.S. federal taxable income, for non-refundable non-U.S. taxes withheld from interest payments. The rules relating to the foreign tax credit or deduction, if elected, are complex and U.S. Holders should consult their tax advisers concerning the availability of a credit or deduction in their particular circumstances.

Foreign Currency Denominated Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the US dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into US dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "**IRS**").

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into US dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into US dollars.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the "**pre-issuance accrued interest**"), a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest may be treated as a non-taxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. This discussion assumes that in determining the issue price of a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as described below under "*Notes Purchased at a Premium*"). A U.S. Holder's tax basis in a Note will be reduced by any non-taxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the applicable Pricing Supplement may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue

price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*—Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If it was deemed that any call or put option would be exercised but was not in fact exercised, the Note would be treated solely for the purpose of calculating OID as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

U.S. Holders of Discount Notes generally must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Foreign Currency Denominated OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into US dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may be required to recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into US dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into US dollars.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of

its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*—Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Market Discount

General

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price" exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. Additionally, for this purpose the "stated redemption price at maturity" (as defined above) is decreased by the amount of any payments previously made on the Note that were not qualified stated interest.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Foreign Currency Denominated Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into US dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the US dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" (as defined below) and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g. two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e. a cap) or a minimum numerical limitation (i.e. a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g. one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock

(although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g. the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e. at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating

rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

Notes Purchased at a Premium

General

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Special rules may limit the amortisation of bond premium with respect to Notes subject to early redemption. See also "*—Original Issue Discount—Election to Treat All Interest as Original Issue Discount*".

Foreign Currency Denominated Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*—Original Issue Discount—General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under "*—Notes Purchased at a Premium*") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note,

the electing U.S. Holder will be treated as having made the election discussed above under "*—Market Discount*" to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Sale or Retirement of the Notes

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note, in each case as determined in US dollars. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or retirement of Notes that are not paid in US dollars.

Except to the extent described above under "*—Original Issue Discount—Market Discount*" or "*—Original Issue Discount—Short-Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. The deductibility of capital losses is subject to significant limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. The rules related to foreign tax credits are complex, and prospective purchasers should consult their tax advisers as to the U.S. federal income tax implications in the case Omani or other non-U.S. taxes are imposed on disposition gains in their particular circumstances, including creditability, deductibility and determination of the amount realized and any applicable limitations.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the US dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Backup Withholding and Information Reporting

In general, payments of principal and interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary, will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" is required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations (US$50,000 in a single taxable year, if the U.S.

Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing IRS Form 8886 with the IRS. A penalty in the amount of up to a maximum of US$10,000 in the case of a natural person and US$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (all of which are hereinafter referred to as "**ERISA Plans**"), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on plans (as defined in Section 4975(e)(1) of the Code) and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans and arrangements are hereinafter referred to as "**Plans**"). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA), if no election has been made under Section 410(d) of the Code, and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of Section 406 of ERISA or Section 4975 of the Code but may be subject to similar rules under other applicable laws or regulations. Accordingly, assets of such plans may be invested in the Notes without regard to the prohibited transaction considerations under Section 406 of ERISA and Section 4975 of the Code described below, subject to the provisions of other applicable federal, state, local or non-U.S. law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**").

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimise the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in certain transactions with persons that are "parties in interest" under Section 3(14) of ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plans (collectively, "**Parties in Interest**"). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property; (b) loans or other extensions of credit; and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax and other penalties under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to certain transactions between a Plan and a non-fiduciary service provider, provided that neither the service provider nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction, and provided, further, that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction), Prohibited Transaction Class Exemption ("**PTCE**") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an "in-house asset manager"). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Any insurance company proposing to invest assets of its general account in any Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank, 510 U.S. 86 (1993). In particular, such an insurance company should consider the extent of the relief granted by the U.S. Department of Labor in PTCE 95-60, and the effect of Section 401(c) of ERISA as interpreted by the regulations issued thereunder by the U.S. Department of Labor in January 2000.

Under a "look-through rule" set forth in regulations issued by the U.S. Department of Labor at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA ("**Plan Assets Regulation**"), if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, as amended, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "Benefit Plan Investors" (as defined below) is not "significant". The exception under the Plan Asset Regulation defines an "operating company" as an entity that is primarily engaged in the production or sale of products or services (other than the investment of capital) directly or through majority-owned subsidiaries. The Issuer considers itself to qualify as an operating company, but no assurances are provided as to such qualification. "**Benefit Plan Investors**" include any (i) employee benefit plan as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, (ii) plan as defined in Section 4975(e)(1) of the Code, that is subject to Section 4975 of the Code, including without limitation, an individual retirement account or Keogh plan, and (iii) entity whose underlying assets include (or are deemed to include for purposes of ERISA or the Code) "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity, including, but not limited to, as applicable, an insurance company general account, an insurance company separate account or a collective investment fund.

If the assets of the Issuer were deemed to be "plan assets" of a Plan, the Issuer would be subject to certain fiduciary obligations under ERISA and certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

For purposes of the Plan Assets Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. The Issuer will proceed based on the position that the Notes should not be considered at the time of issuance to be "equity interests" of the Issuer and that the Issuer qualifies as an operating company, in each case for purposes of the Title I of ERISA or Section 4975 of the Code. Nevertheless, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes are acquired by a Benefit Plan Investor with respect to which the Issuer is a Party in Interest. Accordingly, each purchaser and subsequent transferee of any Note (or any interest therein) will be deemed by such purchase or acquisition of any Note (or any interest therein) to have represented and warranted, on each day from the date on which the purchaser or transferee acquires the Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note (or any interest therein), that, unless otherwise provided in a supplement to the Base Offering Circular, either (i) it is not, is not using the assets of, and shall not at any time hold such Note (or any interest therein) for or on behalf of, a Benefit Plan Investor or a governmental, church or non-U.S. plan subject to any Similar Law or (ii) its acquisition, holding and disposition of such Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law. Any purported purchase or transfer of such Note (or any interest therein) that does not comply with the foregoing shall be null and void.

In addition, by its acquisition and holding of the Notes, each holder of the Notes or any interest therein that is a Benefit Plan Investor, including any fiduciary purchasing such Notes on behalf of a Benefit Plan Investor ("**Plan Fiduciary**"), will be deemed to represent and warrant that (i) none of the Issuer, the Guarantor, the

Arrangers or the Dealers or any other party to the transactions contemplated by this Base Offering Circular or any of their respective affiliated entities has provided any investment advice within the meaning of Section 3(21) of ERISA to the Benefit Plan Investor or the Plan Fiduciary with respect to the acquisition of the Notes by the Benefit Plan Investor and (ii) the Plan Fiduciary is exercising its own independent judgement in evaluating the investment in the Notes.

Any Plan fiduciary that proposes to cause a Plan to purchase any Notes or any interest therein should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code. Similarly, fiduciaries of any governmental, church or non-U.S. plans should consult with their counsel before purchasing any Notes or any interest therein.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 5 April 2024 (the "**Programme Agreement**") agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith including liabilities under the Securities Act.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations stabilising activities may only be carried on by the Dealer or Dealers acting as the stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes. See "*Stabilisation*".

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States or who are U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold: (i) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A of the Securities Act; or (ii) to persons other than U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Each purchaser of Notes will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is (A) a QIB, (B) purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and (C) aware that any sale to it is being made in reliance on Rule 144A; or (ii) it is (A) outside the United States and is not a U.S. person or (B) at the time Notes are purchased will be, the beneficial owner of such Notes and (C) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(b) that it is not formed for the purpose of investing in the Issuer;

(c) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;

(d) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable securities laws of any State or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(e) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or any other available exemption from the registration requirement of the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with applicable securities laws of any State or other jurisdiction of the United States;

(f) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions applicable to the Notes;

(g) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(h) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Issuer and Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

(i) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN, NOR WILL BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "**QIB**"), (2) IT IS PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs WHOM THE HOLDER HAS INFORMED THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (B) AGREES THAT IT WILL ONLY RESELL OR

OTHERWISE TRANSFER THE SECURITY IN ACCORDANCE WITH THE AGENCY AGREEMENT AND; (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT (IF AVAILABLE) OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OR ANY OTHER JURISDICTION OF THE UNITED STATES, AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE, OR IS, MADE BY THE ISSUER OF THIS SECURITY AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THE SECURITY.

EACH PURCHASER AND TRANSFEREE OF THIS SECURITY (OR ANY INTEREST HEREIN) AGREES THAT IT WILL BE DEEMED BY SUCH PURCHASE OR ACQUISITION OF THIS SECURITY (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES THIS SECURITY (OR ANY INTEREST HEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF THIS SECURITY (OR ANY INTEREST HEREIN), THAT, UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE OFFERING CIRCULAR, EITHER (I) IT IS NOT, IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS SECURITY (OR ANY INTEREST HEREIN) FOR OR ON BEHALF OF (A) AN "**EMPLOYEE BENEFIT PLAN**", AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**", AS DEFINED IN, AND SUBJECT TO, SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE) "**PLAN ASSETS**" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID.

IN ADDITION, BY ITS ACQUISITION AND HOLDING OF THIS SECURITY, EACH HOLDER OF THIS SECURITY OR ANY INTEREST HEREIN THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING THIS SECURITY ON BEHALF OF A BENEFIT PLAN INVESTOR ("**PLAN FIDUCIARY**"), WILL BE DEEMED TO REPRESENT AND

WARRANT THAT (I) NONE OF THE ISSUER, THE GUARANTOR, THE ARRANGERS OR THE DEALERS OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE BASE OFFERING CIRCULAR OR ANY OF THEIR RESPECTIVE AFFILIATED ENTITIES HAS PROVIDED ANY INVESTMENT ADVICE WITHIN THE MEANING OF SECTION 3(21) OF ERISA TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY WITH RESPECT TO THE ACQUISITION OF THIS SECURITY BY THE BENEFIT PLAN INVESTOR AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME-TO-TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(j) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of all Notes of the Tranche), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN, NOR WILL BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME; OR (II) OTHERWISE UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING DATA, EXCEPT, IN EITHER CASE, IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. THE TERMS USED ABOVE HAVE THE MEANING GIVEN TO THEM BY REGULATION S.

EACH PURCHASER AND TRANSFEREE OF THIS SECURITY (OR ANY INTEREST HEREIN) AGREES THAT IT WILL BE DEEMED BY SUCH PURCHASE OR ACQUISITION OF THIS SECURITY (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES THIS SECURITY (OR ANY INTEREST HEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF THIS SECURITY (OR ANY INTEREST HEREIN), THAT, UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE OFFERING CIRCULAR, EITHER (I) IT IS NOT, IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS SECURITY (OR ANY INTEREST HEREIN)

FOR OR ON BEHALF OF (A) AN "**EMPLOYEE BENEFIT PLAN**", AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**", AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE) "**PLAN ASSETS**" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), (D) OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID.

IN ADDITION, BY ITS ACQUISITION AND HOLDING OF THIS SECURITY, EACH HOLDER OF THIS SECURITY OR ANY INTEREST HEREIN THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING THIS SECURITY ON BEHALF OF A BENEFIT PLAN INVESTOR ("**PLAN FIDUCIARY**"), WILL BE DEEMED TO REPRESENT AND WARRANT THAT (I) NONE OF THE ISSUER, THE GUARANTOR, THE ARRANGERS OR THE DEALERS OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE BASE OFFERING CIRCULAR OR ANY OF THEIR RESPECTIVE AFFILIATED ENTITIES HAS PROVIDED ANY INVESTMENT ADVICE WITHIN THE MEANING OF SECTION 3(21) OF ERISA TO THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY WITH RESPECT TO THE ACQUISITION OF THIS SECURITY BY THE BENEFIT PLAN INVESTOR AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE INVESTMENT IN THIS SECURITY.";

(k) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(l) that the Issuer, the Guarantor, the Registrar, each Dealer and their affiliates, as the case may be, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Guarantor; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("**Regulation S Notes**"), each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it has offered and sold and will offer and sell the Notes in the United States only to persons whom it reasonably believes are QIBs who can represent that: (a) they are QIBs within the meaning of Rule 144A; and (b) they will provide notice of the transfer restrictions set forth in the Base Offering Circular to any subsequent transferees.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement, each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

(a) except to the extent permitted under the TEFRA D Rules, (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a U.S. person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the TEFRA D Rules;

(c) if it is a U.S. person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either (i) repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) on such affiliate's behalf or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (a), (b) and (c); and

(e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer),

for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraphs (a), (b), (c) and (d) insofar as they relate to the TEFRA D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the TEFRA D Rules.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A, and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "**Prohibition of Sales to EEA Retail Investors**" as "**Not Applicable**", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of this offering contemplated by this Base Offering Circular, as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of Directive (EU) 2016/97, (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined the Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "**Prohibition of Sales to EEA Retail Investors**" as "**Not Applicable**", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular, as completed by the applicable Pricing Supplement in relation thereto, to the public in that Member State of the EEA, except that it may make an offer of such Notes to the public in that Member State of the EEA:

(a) at any time to any legal entity which is a "**qualified investor**" as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

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

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in a Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "**Prohibition of Sales to UK Retail Investors**" as "**Not Applicable**", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular, as completed by the Pricing Supplement in relation thereto to any retail investor in the UK.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) № 2017/565, as it forms part of UK domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) № 600/2014, as it forms part of UK domestic law by virtue of the EUWA; or

(iii) not a "**qualified investor**", as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "**Prohibition of Sales to UK Retail Investors**" as "**Not Applicable**", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular, as completed by the Pricing Supplement in relation thereto to the public in the UK, except that it may make an offer of such Notes to the public in the UK:

(a) at any time to any legal entity, which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

(a) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in relation to any Notes which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Oman

Each Dealer has represented and agreed that:

(a) this Base Offering Circular has not been filed with, or registered as, a prospectus by it with the Capital Market Authority of Oman (or any successor entity thereof , such as the Financial Services Authority) pursuant to the Securities Law, will not be offered or sold by it as an offer of securities in Oman as contemplated by the Oman Commercial Companies Law or the Securities Law, nor does it constitute a bond or sukuk offering pursuant to the Bond and Sukuk Regulations (Decision 21/2024); and

(b) the Notes have not been, and will not be, offered, sold or delivered, by it, and no invitation to subscribe for or to purchase the Notes has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market the Notes in Oman and then only in accordance with all applicable laws and regulations, including the Securities Law and Article 139 of the Executive Regulations of the Capital Markets Law (Decision № 1/2009, as amended). Pursuant to Sultani Decree 20/2024, any reference to the Capital Market Authority of Oman shall instead be a reference to the Financial Services Authority as the successor entity.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under

Article 8 of the KSA Regulations, made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9, or as otherwise required or permitted by, the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes in the Kingdom of Bahrain, except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more excluding that person's principal place of residence;

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

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

(d) any other entity which is an "accredited investor" as defined in the Central Bank of Bahrain Rulebook.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the rulebook of the Dubai Financial Services Authority (the "**DFSA Rulebook**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Abu Dhabi Global Market

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the Abu Dhabi Global Market unless such offer is:

(a) an "Exempt Offer" in accordance with the Financial Services Regulatory Authority (the "**FSRA**") Financial Services and Markets Regulations 2015 (the "**FSMR**") and the FSRA Markets Rules;

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the FSRA Conduct of Business Rules; and

(c) made only in circumstances in which section 18(1) of the FSMR does not apply.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre) and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Base Offering Circular has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange and may not be publicly distributed in Qatar (including the Qatar Financial Centre).

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act №. 25 of 1948, as amended; the "**FIEA**"), and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act № 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Switzerland

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made by it to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor or the Dealers represents that Notes may, at any time, lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 12 March 2023 and 22 February 2024. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes issued under the Programme. The giving of the Guarantee was duly authorised by a written resolution of the sole shareholder of the Guarantor dated 22 February 2024.

Admission to Trading of Notes

It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the London Stock Exchange for such Notes to be admitted to trading on the ISM. The admission to trading of the Programme in respect of Notes is expected to be granted on or before 5 April 2024.

Notes may be issued pursuant to the Programme, which will not be listed on the ISM or any other stock exchange, or which will be listed on such other stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the period of 12 months following the date of this Base Offering Circular, copies of the following documents will, when published in accordance with the ISM Rulebook, be available for inspection at the specified office of the Principal Paying Agent for the time being in London:

(i) the Memorandum and Articles of Association (with an English translation thereof) of the Issuer and the Guarantor;

(ii) the Audited Financial Statements of the Issuer;

(iii) a copy of this Base Offering Circular; and

(iv) any future offering circulars, prospectuses, information memoranda, supplements and Pricing Supplements to this Base Offering Circular and any other documents incorporated therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, USA.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Issues of Notes

The Issuer intends to make available details of all issues of Notes under the Programme through a regulatory information service and, to the extent that any such Notes are to be admitted to trading on the ISM, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the ISM Rulebook.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer, the Guarantor or the Group and no material adverse change in the prospects of the Issuer, the Guarantor or the Group since 31 December 2023.

Litigation

None of the Issuer, the Guarantor or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which may have or have had in such period, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Independent Auditors

The Issuer's independent auditor is EY. EY's business address is P.O. Box 1750, Ruwi 112, 5th Floor, Landmark Building, Opposite Al Ameen Mosque, Bowsher, Muscat, Sultanate of Oman. There is no professional institute of auditors in Oman and, accordingly, EY is not a member of a professional body in Oman. All EY's professionals and partners directly involved in the audit are members of the institutes from where they received their professional qualification.

The Audited Financial Statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board, and were audited by EY in accordance with International Standards of Auditing as stated in their reports set out herein.

Since the date of its incorporation, no separate financial statements of the Guarantor have been prepared. The Guarantor is not required by Omani law, and does not intend, to publish separate audited financial statements.

Dealers Transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the

Issuer, the Guarantor and their affiliates. Certain of the Dealers or their affiliates that may, from time to time, have a lending relationship with the Issuer, the Guarantor and their affiliates, routinely hedge their credit exposure to the Issuer, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain Additional Information Relating to the Issuer

The Issuer's address and telephone number are Mina Al Fahal, Muscat Governorate, P.O. Box 828, PC 116, Sultanate of Oman and +968 24674618. The Guarantor's address and telephone number are Mina Al Fahal, Muscat Governorate, P.O. Box 828, PC 116, Sultanate of Oman and +968 96010209.

APPENDIX A—GLOSSARY OF DEFINED TERMS

Acquisition premium	Excess of a Discount Note's adjusted issue price
AI-PSM	Asset Integrity and Process Safety Management
API	American Petroleum Institute
APM	Alternative Performance Measure
ARPR	Annual Review of Petroleum Resources
Base Royalty	Royalty rate on OEB which is 55.6 per cent. plus the quotient of 12.778 divided by the price per barrel
Basic Statute	Basic Statute of the State
Block 6 Operations	The Government's interest in the Block 6 Oil and gas operations
Board of Directors	EDO's board of directors
BP	BP P.L.C.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COHTAs	Crude Oil Handling and Transportation Agreements
COP26	2021 United Nations Climate Change Conference
Concessions	The Oil Concession together with the Gas Concession
COVID-19	The 2019 coronavirus disease
D&I	Diversity & Inclusion
Declaration of Cooperation	The Declaration of Cooperation Agreement signed by the Organization of the Petroleum Exporting Countries (OPEC) and 11 non-OPEC oil producing countries in Vienna, Austria on 10 December 2016
Discount Note	A Note, other than a Short-Term Note treated as issued with OID
Dutch SPV	Dutch orphan special purposes vehicle
DWD	Deep well disposal
ECL	Expected credit loss
EDO	Energy Development Oman SAOC
EDO Gas Board of Directors	EDO Gas' board of directors
ELT	Economic Limit Test
Eni	Eni S.p.A.
EOR	Enhanced oil recovery
EPSA	Exploration and Production Sharing Agreement
ER	Executive Regulation issued by the Ministerial Decision № 30/2012
ERISA	U.S. Employee Retirement Income Security Act of 1974

EY	Ernst & Young LLC
FEED	Front-end engineering design
FFO	Funds from Operations
Fiscal Protocol	A new fiscal regime for Oil adopted by the Government
Fitch Ratings	Fitch Ratings, Inc.
Foreign currency	Basket of currencies other than US dollars
FSA	Forward Sales Agreement
FSA Barrels	Barrels of Oil under the new fiscal terms
Formation	Formation of EDO and the effects of events that are directly attributable to the formation of EDO, principally the transfer of the Oil Concession Agreement, the grant of the Gas Concession Agreement, the adoption of the Fiscal Protocol and other related agreements
Gas Concession	Block 6 NAG and NAG condensate concession
Gas Concession Agreement	Concession agreement related to NAG and NAG condensate
Gas Concession Area	Block 6, excluding the areas designated as Block 12 (other than existing NAG producing fields), Block 61 and Block 77
Gas Transfer Price	Agreed fixed price at which EDO sells the NAG production to the Government
GCC	Gulf Cooperation Council
GDP	Gross domestic product
Government	The Sultanate of Oman
Government Participant	The Government acting in its capacity as a participant to the Oil Concession Agreement
ICV	In-Country Value
Instalment obligation	Obligation providing for the payment of amounts other than qualified stated interest before maturity
IRS	Internal Revenue Service
ISAs	International Standards on Auditing
ISMS	Information Security Management System
IT	Information Technology
KSA	Kingdom of Saudi Arabia
LEAN	PDO's lean continuous improvement programme
LIBOR	London Inter-Bank Offered Rate
LNG	Liquid natural gas
Lost Time Injury Frequency	The number of lost time injuries occurring per million hours worked

LPIC	Liwa Plastics Industries Complex
Market Discount Note	A Note, other than a Short-Term Note, purchased at a market discount
MENA	Middle East and North Africa region
MOG Price	Monthly OEB price
MSPP	The Muscat Sohar Pipeline Project
MTFP	Medium-Term Fiscal Plan
NAG Financing Receivable	Gas supply agreement amended in 2016
NPT	Non-productive time
NTSP	Near-term sustainability programme
NWTP	Nimr Water Treatment Project
OBRDA	Oman Blend Revenue Distribution Agreement
Occidental	Occidental Petroleum Corporation
OEB	Oman Export Blend
OEB SPA	OEB Sale and Purchase Agreement
OECD	Organisation for Economic Co-operation and Development
OFAC	The Office of Foreign Assets Control of the US Department of Treasury
OIA	Oman Investment Authority
OID	Original Issue Discount
Oil	Crude oil
Oil and Gas Law	The oil and gas law promulgated by Royal Decree № 8/2011
Oil Concession	Block 6 concession for Oil, AG and AG condensate
Oil Concession Agreement	The Extension and Consolidation of Concession Agreement
Oman Income Tax Law	Oman Income Tax Law (promulgated by Royal Decree 28/2009)
Oman Tax Residents	Tax resident as defined under Article 18 (bis) of the Oman Income Tax Law
Omanisation	The Government's Omanisation policy requiring Omani companies to hire a certain number of Omani nationals
OPEC	Organisation of the Petroleum Exporting Countries
OPEC+	Organisation of the Petroleum Exporting Countries Plus
OQ	OQ Group
OQGN	OQ Gas Networks SAOC
OQ SAOC	OQ Société Anonyme Omanaise Close

Paris Agreement	The climate-change related agreement signed by parties to the United Nations Framework Convention on Climate Change in Paris, France on 12 December 2015.
PDO	Petroleum Development Oman LLC
PDO-S	Petroleum Development Oman Services L.L.C.
PDO Shareholders' Agreement	Petroleum Development Oman LLC shareholders' agreement entered into between the Government, PDO, Shell, Total and Partex (Oman) Corporation (the predecessor in interest to PTTEP) on 19 December 2004
PTTEP	PTTEP Oman E&P Corporation
POHOL	Private Oil Holdings Oman Limited
PPP	Purchasing power parity
Pre-Export Financing	Pre-export financing arrangement
Right-Holders	Recipients of an EPSA
Sanction Targets	Certain countries and specially designated nationals as set out by OFAC
SAP	Systems Applications and Products in Data Processing
SEC	United States Securities and Exchange Commission
Securities Act	U.S. Securities Act of 1933, as amended
Securities Law	Royal Decree 46/2022 promulgating the securities law of Oman
SEZAD	The Special Economic Zone in Duqm
Shell	Shell Petroleum Company Limited
Short-Term Note	A Note with a term of one year or less
Society of Petroleum Engineers' Petroleum Resource Management System	Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists, Society of Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts, and European Association of Geoscientists & Engineers 2018 Petroleum Resources Management System
SOFR	Secured Overnight Financing Rate
Tax Amendments	Royal Decree 09/2017 and Royal Decree 118/2020 which amend the Oman Income Tax Law
Tax Decision	A further tax decision that was issued by way of Ministerial Decision №14/2019 (amending certain provisions of the Oman Income Tax Law)
Total Recordable Case Frequency	The number of injuries per million working hours, including both employees and contractors
UAE	United Arab Emirates
US	United States of America

US$2.5 Billion Facility	EDO's US$2.5 billion term loan credit facility agreement
Variable Interest Rate Notes	Notes providing for interest at variable rates
VAT	Value added tax
VAT Law	Royal Decree 121/2020 promulgating the law on value added tax

APPENDIX B—GLOSSARY OF MEASUREMENT AND TECHNICAL TERMS

Certain Abbreviations and Related Terms

1P	Estimates of proved reserves
2P	Estimates of proved plus probable reserves
AG	associated gas
Bbl	barrels
bbl/d	barrels per day
bncf	billion cubic feet
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
BTU	British thermal unit
Creaming curves	Cumulative volumes of Oil and gas discovered indicating basin maturity
CIIP	condensate initially in place
CO_2	carbon dioxide
kboe	thousands of oil equivalent
kboepd	thousands of oil equivalent per day
km	kilometres
GIIP	gas initially in place
GHG	greenhouse gas
GOGD	gas-oil-gravity-drainage
HCIIP	hydrocarbons initially in place
m^3	cubic metres
mmbbl	millions of barrels
mmboe	millions of barrels of oil equivalent
mmBtu	millions of British thermal units
mmcf/d	million cubic feet per day
mmscm/d	million metric standard cubic metre per day
Mt	metric tonnes
NAG	non-associated gas
NAGC	condensate
NGL	natural gas liquids
Oil	Crude Oil
scm	standard cubic metres
STOIIP	stock tank oil initially in place
Stratigraphic reservoir	Natural reservoir in which Oil or gas may be confined because of changes in porosity and permeability of the strata rather than as a result of their structural attitudes

T-GOGD	Thermal gas-oil-gravity-drainage
UOP	Unit of Production

APPENDIX C—THIRD PARTY RESERVES REPORT

Audit of the P&NG Reserves of Energy Development Oman SAOC

(As of January 1, 2024)

Think Energy. Discover Value

Sproule

Digital Report Notification

This report has been prepared in a fully digital, auditable, and legally compliant format using a PDF/A standard (ISO 19005-1, 2 or 3).

The report has also been signed by Sproule professionals using independently verifiable digital signatures for authentication purposes.

For more information regarding digital reports and digital signatures and their verification please visit: **Sproule Digital Signatures.**

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Executive Summary

This Competent Persons Report was prepared by Sproule B.V. (“Sproule”) at the request of Energy Development Oman SAOC. Energy Development Oman SAOC is hereinafter referred to as "the Company". The effective date of this report is January 1, 2024 and was prepared for the Company between December 2023 and February 2024 for the purpose of year-end reporting and/or financing.

Table S-1 summarizes our audit of the P&NG reserves of Energy Development Oman SAOC, as of January 1, 2024. The volumes audited represent approximately 80 percent of the total oil and gas reserves of Block 6 as operated by PDO in the Sultanate of Oman and a significantly higher percentage of the total oil and gas reserves of the Company.

The Company holds a 60 percent interest in Petroleum Development Oman (PDO) which holds the rights to develop all of the Oil and Associated Gas volumes within the Block 6 Concession Agreement Area, Oman (Block 6). The Company holds 100 percent beneficial interest in all of the Non-Associated Gas and Condensate reserves within Block 6, with the exception of relatively minor volumes subject to 1) unitization agreements or 2) usage agreements with PDO for pressure maintenance of oil pools and generation of electrical power and other utilities associated with the oil operations of Block 6.

The reserves and resources definitions and ownership classification used in this evaluation are in accordance with the PDO Code of Practice for Hydrocarbon Resource Classification, Estimation and Reporting (CP-186) which incorporates 1) the US Security and Exchange Commission (SEC) reserves definitions for Proved Reserves, and 2) the PRMS reserve definitions for Proved and Probable Reserves and used by Sproule. The oil reserves are presented in millions of barrels at stock tank conditions. The natural gas reserves are presented in billions of cubic feet, at base conditions of 1 atmosphere and 15 degrees Celsius. The natural gas liquids reserves are presented in millions of barrels, at base conditions of 15 degrees Celsius and equilibrium pressure.

Associated gas volumes are typically used for various oilfield operations supporting production of oil and are not reported as reserves.

The estimates of reserves are those reserves which remain in the ground. Volumes of P&NG reserves produced but not sold which reside in inventory, including overlift and underlift situations, are not accounted for in the reserve volumes presented.

The Company plans to develop several of the fields under development scenarios as approved according to the processes and procedures under CP-186. The Audit scope involved a review of the volumes estimated for approximately 80 percent of the total Oil and Non-Associated Gas Reserves combined contained within the outlines of Block 6, Sultanate of Oman.

The volumes audited under the scope of this project were found in total to be within an acceptable tolerance of 10 percent to the Proved (1P) and Proved plus Probable (2P) volumes as reported by PDO in the ARPR 1.1.2024 Reserves Documents for Block 6.

Energy Development Oman SAOC

Table S-1

Summary of the Audit of the P&NG Reserves **As of 2024-01-01**

	PDO ARPR24 Volumes Remaining Reserves		Audited Volumes Remaining Reserves	
	Gross	EDO Interest	Gross	EDO Interest
	100%	Net	100%	Net
Crude Oil (MMbbls)				
Total Proved	1,565	939	1,266	760
Total Proved Plus Probable	2,629	1,578	2,023	1,214
Natural Gas (Tcf)				
Total Proved	5.37	5.37	4.87	4.87
Total Proved Plus Probable	9.56	9.56	8.32	8.32
Natural Gas Condensate (MMbbls)				
Total Proved	137	137	117	117
Total Proved Plus Probable	220	220	185	185
Grand Total - Oil Equivalent (MMboe)				
Total Proved	2,607	1,981	2,205	1,698
Total Proved Plus Probable	4,461	3,410	3,612	2,802

Introduction

This Competent Persons Report was prepared by Sproule B.V. (“Sproule”) at the request of Energy Development Oman SAOC. Energy Development Oman SAOC is hereinafter referred to as "the Company". The effective date of this report is January 1, 2024 and was prepared for the Company between December 2023 and February 2024 for the purpose of year-end reporting and/or financing.

The preparation date of this report is February 16, 2024. This date is subsequent to the effective date and refers to the last date on which information, relating to the period ending on the effective date, was received and considered in the preparation of this report.

Evaluation Scope

Reserves Estimation Guidelines

Reserves estimates presented here have been prepared according to the classifications and definitions of the Code of Practice for Hydrocarbon Resource Classification, Estimation and Reporting (CP-186) as prepared and maintained by Petroleum Development Oman (PDO). CP-186 incorporates by reference the requirements for reporting of Proved Reserves by the US Securities and Exchange Commission (SEC) and, for reporting of all other reserves and resources, the Petroleum Resources Management System (“PRMS”), sponsored by Society of Petroleum Engineers (“SPE”), World Petroleum Council (“WPC”), American Association of Petroleum Geologists (“AAPG”), Society of Petroleum Evaluation Engineers (“SPEE”), Society of Exploration Geophysicists (“SEG”), Society of Petrophysicists and Well Log Analysts (“SPWLA”), and the European Association of Geoscientists & Engineers (“EAGE”).

Properties

This report presents an audit of approximately 80 percent of the P&NG reserves held within the Block 6 Concession Agreement area as operated by Petroleum Development Oman (PDO). The Company’s share of the audited volumes represents a percentage significantly greater than 80 percent of the total P&NG reserves held by the Company.

Additional details regarding the assets are included in Table I-1

Specific fields audited in this report for reserves are outlined in Table 1.

Table I-1 Summary Table of Assets						
Asset[1]	**Operator**	**Interest (%)**	**Status[2]**	**License Expiry Date**	**License Area, km²**	**Comments**
Block 6	Petroleum Development Oman (PDO)	60 Oil / 100 Gas	Production	31 December 2044 (subject to extensions)	75,119	Current Production ~ 658,000 barrels oil per day, 0.9 Bcf solution gas and 1.86 Bcf non-associated gas per day with 96,800 barrels condensate per day.

Evaluation Data and Procedures

Sources of Data

Various data, pertinent to the audit of the Company's oil and gas reserves, were obtained from the Company or from PDO as follows:

Company sources of Data

- property descriptions and operations
- production, well and geoscience data
- interests and burdens
- contracts and marketing

All information received from PDO in regard to this audit has been deemed to have been received from the Company.

Accuracy and Reliance on Data

All historical production and other data that were obtained from the Company were accepted as represented, without any further investigation by Sproule.

Property descriptions, details of interests held, and well data, as supplied by the Company, were accepted as represented. No investigation was made into either the legal titles held or any operating agreements in place relating to the subject properties.

Capital, operating, abandonment costs and other economic data were not reviewed as estimation of the cash flows and net present values was not included as part of the scope of the project.

Field Inspections

In the preparation of this audit, field inspections of the properties were not performed. The relevant engineering and geoscience data were made available by the Company or obtained from the non-confidential files at Sproule. No material information regarding the reserves audit would have been obtained by an on-site visit.

Reserves Evaluation Software

For this audit, Sproule worked on the evaluation model, Value Navigator 2022.2.0.13. The functionality of the program is not the responsibility of Sproule, and results were accepted as calculated by the model. Sproule's responsibility is limited to the quality of the data input and reasonableness of the outcoming results.

Evaluation Results and Presentations

Report Contents

This report is included in one volume consisting of an Executive Summary, Introduction, Overview of Region, Reserves, Conclusions, Qualifications and Basis of Opinion and Appendices. The Executive Summary includes high-level summaries of the audit; the Introduction includes the summary of evaluation standards and procedures; the Overview of Region includes details of the asset location and regional geology, the Reserves includes details pertaining to the audit of the P&NG reserves, and the Qualifications and Basis of Opinion includes certification and pertinent author certificates. Reserves definitions, abbreviations, units, conversion factors and general evaluation parameters are included in Appendices A, B, and C, respectively. A representation letter prepared by Officers of the Company, Appendix D, confirms the accuracy, completeness and availability of data requested by and furnished to Sproule by PDO and the Company during the preparation of this report.

Development Timing

Development forecasts documented in this report are consistent with SEC and PRMS recommended guidance regarding the development of undeveloped petroleum volumes within a reasonable time frame. Although five years is a recommended benchmark, assignment of reserves outside of that timeframe may be considered with appropriate justification and documentation. The assignment of contingent resources

outside of the PRMS recommended guidance may be considered with a contingency regarding timing of development.

Erroneous Data

Sproule reserves the right to review all calculations made, referred to, or included in this report and to revise the estimates as a result of erroneous data supplied by the Company or information that exists but was not made available to us, which becomes known subsequent to the preparation of this report.

Cautionary Statements

Aggregation

The reserve estimates are based on evaluations of performance methods and/or volumetric calculations of individual formations or formation layers. These estimates are added up resulting in estimates by property. The process of cumulative summation is commonly referred to as “aggregation” (PRMS). The hydrocarbon reserves and resources presented in this report in Table S-1 are the results of arithmetic aggregation of reserves by category.

Data Quality

The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that reservoir and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

Forward-Looking Statements

The audit process involves modeling to reasonably predict future outcomes. Inherent in the modeling process, however, are limitations which may indirectly affect the forecast of future events.

This report contains forward-looking statements including expectations of future production. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development,

exploration and production); potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimations; the uncertainty of estimates and projections relating to production; costs and expenses; health, safety and environmental factors; commodity prices; and exchange rate fluctuation.

Equivalent Volumes

Barrel of oil equivalents or BOE's (or 'McfGE's' or other applicable units of equivalency) may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.92715 Mcf:1 barrel (or 'An McfGE conversion ratio of 1 barrel:5.92715 Mcf') is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Rounding

Due to rounding, certain totals may not be consistent from one presentation to the next.

Overview of Region, Location and Assets

Description of Assets

The Company holds a 60 percent working interest in oil and 100 percent working interest in gas in all but two properties which are unitized, subject to state royalties paid in cash, in Block 6, some 75,000 square kilometers in size, located across the Oman Mountain Fold Belt and the Rub al Khali Basin, approximately 225 kilometres south west of Muscat, Oman. Maps showing the Company-interest lands and the field areas are presented as Figure 1. The Block carries oil reserves from approximately 260 producing fields which are grouped into 17 clusters as well as non-associated gas and condensate reserves from approximately 33 producing fields grouped into 6 clusters.

Petroleum Fiscal Terms

Block 6 production is allocated directly to each of the beneficial interest owners based on their respective interests. A royalty is payable to the State by the Company on their share based on a percentage of revenue received. As the State does not have the right to take production in kind related to the royalty interest, the reserves volumes of the Company are not reduced by the royalty interest. The royalty interest would be reflected as a cash flow item in a statement of revenue and expense for the assets. Income taxes are payable on Net Revenue attributed to each of the owners.

Cash flows and net present values of the Company's share of production has not been estimated or audited under the scope of this report as requested by the Company.

Production History

Block 6 produces oil and gas from clastic and carbonate formations varying in age from late Cretaceous to Pre-Cambrian, with a wide range of oil quality varying from over 40 to around 10 to 12 degrees API. Gas production varies in quality but on average is of 1055 Btu/scf. Oil production method is variable using artificial lift where necessary. Different fields are under primary, secondary or tertiary recovery by waterflood, polymer flood, gas flood, including miscible flood projects, and various thermal techniques. Production data current to October 2023 was provided by the Company. Oil and gas production commenced in January 1967, with 8,865 wells currently producing. The average daily oil and gas production rate in October 2023 was approximately 739,000 bopd and 2.9 Bcfpd with an average water cut of 90 percent.

Additional details regarding the assets are included in Table I-1 in the Introduction.

Reserves and Resources

The oil and natural gas reserves were audited based on the technically recoverable volume and economic limit information as provided by the Operator. The fields audited represent approximately 80 percent of the total reserves in Block 6. A listing of the fields audited is shown in Table 1.

Gas reserves have been assigned based on the gas sales information provided by the Company along with forecasts of Omani gas demand. Gas used for fuel is included in the reserves estimates as the volumes are rigorously metered and the costs for the use of the gas is recorded within the cluster cash flows.

The estimates of reserves are those reserves which remain in the ground. Volumes of P&NG reserves produced but not sold which reside in inventory, including overlift and underlift situations, are not accounted for in the reserve volumes presented. Volumes of gas injected for miscible gas flood operations and pressure support in oil fields are maintained as reserves for future production and sale where blowdown operations are contemplated.

All fields are subject to an economic limit test (ELT) on Proved (1P) Reserves as part of the annual ARPR process to confirm the economic limit of the field. In most cases the operating costs of the fields are tracked at the cluster level. As a result, all fields producing to a particular cluster will become uneconomic at the same time as long as the individual wells are producing above the deemed minimum economic rate. This rate is set at 2 cubic meters of oil per day (12.6 bopd) under the guidelines of CP-186.

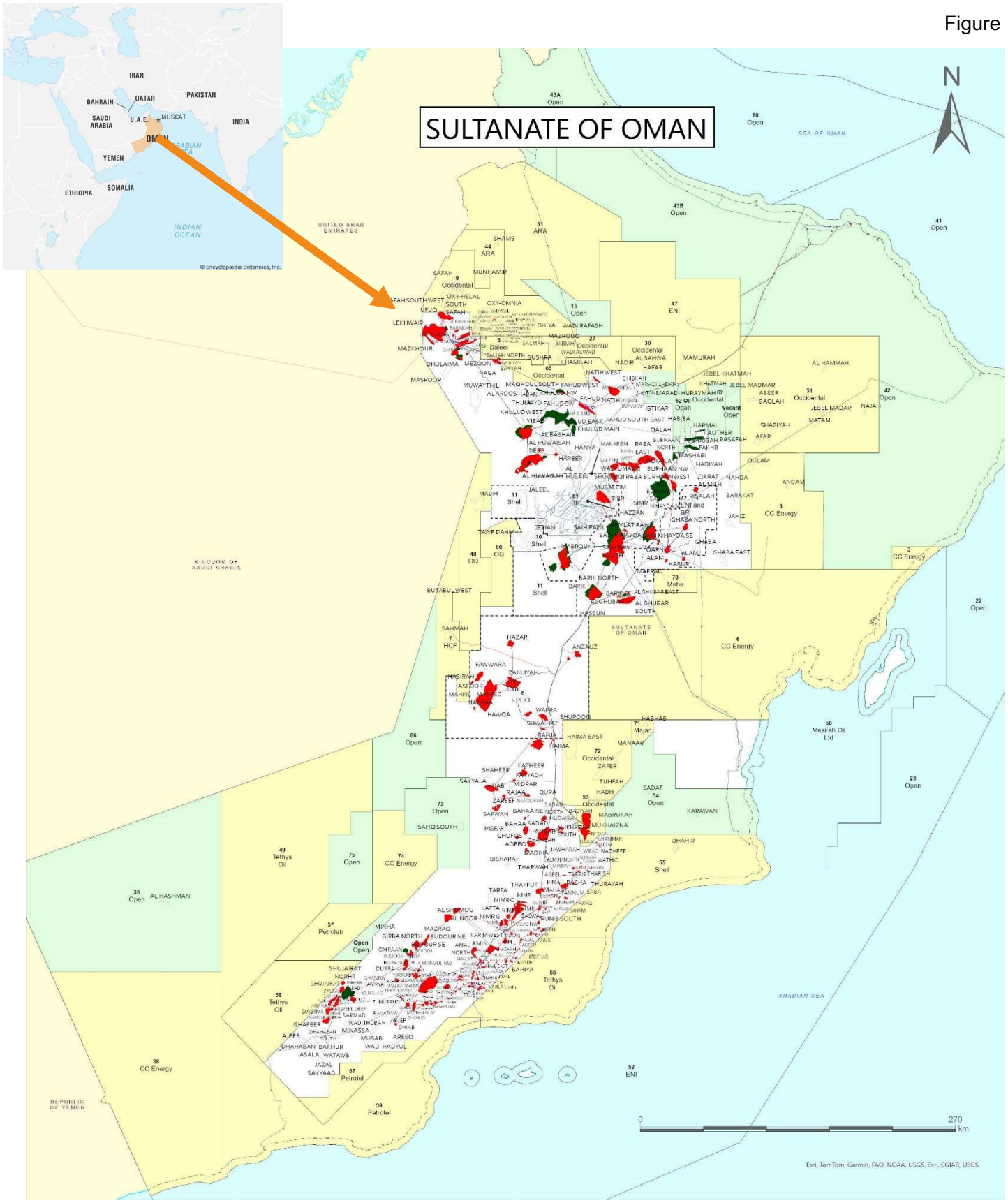
Undeveloped entities in each field are subjected to an Undeveloped Economic Test (UDET) where the entity with the lowest volume of proposed reserves estimated will be tested for positive cash flow. Where the well with the lowest estimated recoverable volume is determined to be economic, all other entities that are part of the same project are deemed to be economic. If the well with the lowest volume of proposed reserves does not pass the UDET test, each well with increasing estimated volumes will be tested until the minimum economic reserves volume is established.

The total reserves, associated with the Company's fields in Oman as reported by the Operator in their annual ARPR 1.1.2024 documents are shown in Tables S-1 of this report.

Table 1
Listing of Fields Audited

Oil Fields	Gas Fields
Fahud	Burhan West Deep
Natih	Ghafeer
Dhulaima	Saih Nihayda Deep
Lekhwair	Saih Nihayda Shallow
Lekhwair F	Barik
Mazkhour	Mabrouk
Lekhwair RMS12	Saih Rawl Main
Ghaba North	Saih Rawl South
Musallim	Mabrouk NE
Saih Rawl	Saih Rawl North West
Habur	Rabab Gas
Qarn Alam	Fahud West Gas
Al Huwaisah	Fakhr
Hanya	Kauther
Yibal	Yibal Gas
Yibal Khuff	
Hawqa	
Zauliyah	
Adeela	
Sadad North	
Al Noor	
Birba	
Budour NE	
Sakhiya	
Zalzala	
Marmul	
Marmul Haima West	
Al Burj	
Amin	
Karim West	
Nimr A	
Nimr C	
Nimr E1	
Rakid South	
Thayfut	
Qaharir	
Qata	
Rahab	
Thuleilat	
Amal East	
Amal West	

Figure 1



Location – Block 6, Oman and Field Map

Sproule

Other Assets

The Company does not own interests in properties which have not been included in the audit.

Conclusions

Reserves estimates presented herein have been prepared according to the classifications and definitions of the CP-186 which includes by reference SEC and 2018 PRMS. The results of the audit of the reserves as included in Table S-1 were found to be within an acceptable tolerance to those estimated by Sproule. The net present values of the reserves have not been estimated.

The development forecasts reviewed in this audit were based on capital budgets and development programs as presented by the Company under the scope of this evaluation and engagement. The development forecasts reviewed may not represent the full development potential of the lands evaluated.

Qualifications and Basis of Opinions

Certification

Report Preparation

The report entitled “Audit of the P&NG Reserves of Energy Development Oman SAOC (As of January 1, 2024)” was prepared by the following Sproule personnel:

Project Leader

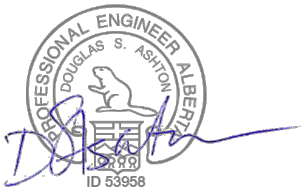
Preparation of:
Audit of Reserves

Feb. 17, 2024
Barrett R. Hanson, P.Eng.
Principal Petroleum Engineer

Preparation of:
Audit of Reserves

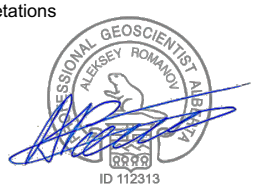
Feb. 17, 2024
Steven J. Golko, P.Eng.
Managing Director, Reservoir Services

Preparation of:
Audit of Reserves



Feb. 17, 2024
Doug Ashton, P.Eng.
VP, Reservoir Services

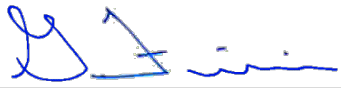
Preparation of:
Geological Interpretations



Feb. 17, 2024
Alexey Romanov, Ph.D., P. Geo.
Senior Manager, Geoscience

Responsible Member Validation

The following Responsible Members of Sproule B.V. certify that our internal quality control process has been followed in accordance with our Professional Practice Management Plan.



Gary Finnis, P.Eng.
Sr. Manager, Engineering

Legal Representative

Danilo Bandiziol
Vice President, EMEA

Certificate of Qualification

Barrett R. (Barry) Hanson, P.Eng., SPEC

I, Barrett R. Hanson, Principal Petroleum Engineer, of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc., Chemical Engineering (1979), University of Saskatchewan, Saskatoon, Saskatchewan, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.), Province of Alberta, Canada
   b. Certified SPE Petroleum Engineer

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)

4. I am a qualified reserves evaluator and reserves auditor as defined in:
   a. the “Canadian Oil and Gas Evaluation Handbook” as promulgated by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and,
   b. the “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information” as promulgated by the Society of Petroleum Engineers and incorporated into the “Petroleum Resource Management System” (SPE-PRMS).

5. My contribution to the report entitled “Audit of the P&NG Reserves of Energy Development Omen SAOC (As of January 1, 2024)” is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Energy Development Omen SAOC.

Feb. 17, 2024

Barrett R. Hanson, P.Eng., SPEC

Certificate of Qualification

Steven J. Golko, P.Eng.

I, Steven J. Golko, Managing Director, Reservoir Services of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Petroleum Engineering (2006), University of Alberta, Edmonton AB, Canada

2. I am a registered Professional:
   a. Professional Engineer (P.Eng.), Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)
   c. Society of Petroleum Evaluation Engineers (SPEE)

4. I am a qualified reserves evaluator and reserves auditor as defined in:
   a. the “Canadian Oil and Gas Evaluation Handbook” as promulgated by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and,
   b. the “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information” as promulgated by the Society of Petroleum Engineers and incorporated into the “Petroleum Resource Management System” (SPE-PRMS).

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Feb. 17, 2024

Steven J. Golko, P.Eng.

Certificate of Qualification

Doug Ashton, P.Eng.

I, Doug Ashton, Vice President, Reservoir Services of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Chemical Engineering (1992), University of Calgary, Calgary, AB, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.), Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Evaluation Engineers (SPEE)
   c. Society of Petroleum Engineers (SPE)

4. I am a qualified reserves evaluator and reserves auditor as defined in:
   a. the “Canadian Oil and Gas Evaluation Handbook” as promulgated by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and,
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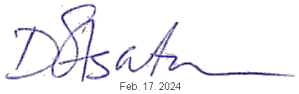

Doug Ashton, P.Eng.

Certificate of Qualification

Alexey Romanov, Ph.D., P.Geo.

I, Alexey Romanov, Senior Manager, Geoscience of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
   a. Ph.D. Eng. (2007), Kazan State Technological University, Kazan, Russia
   b. M.Sc. Reservoir Evaluation and Management (2004), Heriot-Watt University, Edinburgh, UK
   c. M.Sc. (Honours), Petroleum Geology (2003), Kazan State University, Kazan, Russia

2. I am a registered professional:
   a. Professional Geoscientist (P.Geo.), Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Society of Petroleum Engineers (SPE)
   b. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   c. Canadian Energy Geoscience Association (CEGA)

4. I am a qualified reserves evaluator and reserves auditor as defined in:
   a. the “Canadian Oil and Gas Evaluation Handbook” as promulgated by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and,
   b. the “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information” as promulgated by the Society of Petroleum Engineers and incorporated into the “Petroleum Resource Management System” (SPE-PRMS).

5. My contribution to the report entitled “Audit of the P&NG Reserves of Energy Development Omen SAOC (As of January 1, 2024)” is based on my geoscience knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Energy Development Omen SAOC.

Feb. 17, 2024

Alexey Romanov, Ph.D., P.Geo.

Certificate of Qualification

Gary R. Finnis, P.Eng.

I, Gary R. Finnis, Senior Manager, Engineering of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Civil Engineering (1998) University of Alberta, Edmonton, AB, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.), Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)

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   a. the "Canadian Oil and Gas Evaluation Handbook" as promulgated by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and,
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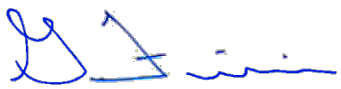
5. My contribution to the report entitled "Audit of the P&NG Reserves of Energy Development Omen SAOC (As of January 1, 2024)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Energy Development Omen SAOC.



Gary R. Finnis, P.Eng.

Appendix A —Resources Definitions

The table below identifies the categories that form the basis of our classification of resources and values presented in this report. The definitions used in this report are those set out in the Petroleum Resources Management System (PRMS) as sponsored by Society of Petroleum Engineers ("SPE"), World Petroleum Council ("WPC"), American Association of Petroleum Geologists ("AAPG"), Society of Petroleum Evaluation Engineers ("SPEE"), Society of Exploration Geophysicists ("SEG"), Society of Petrophysicists and Well Log Analysts ("SPWLA"), and the European Association of Geoscientists & Engineers ("EAGE").

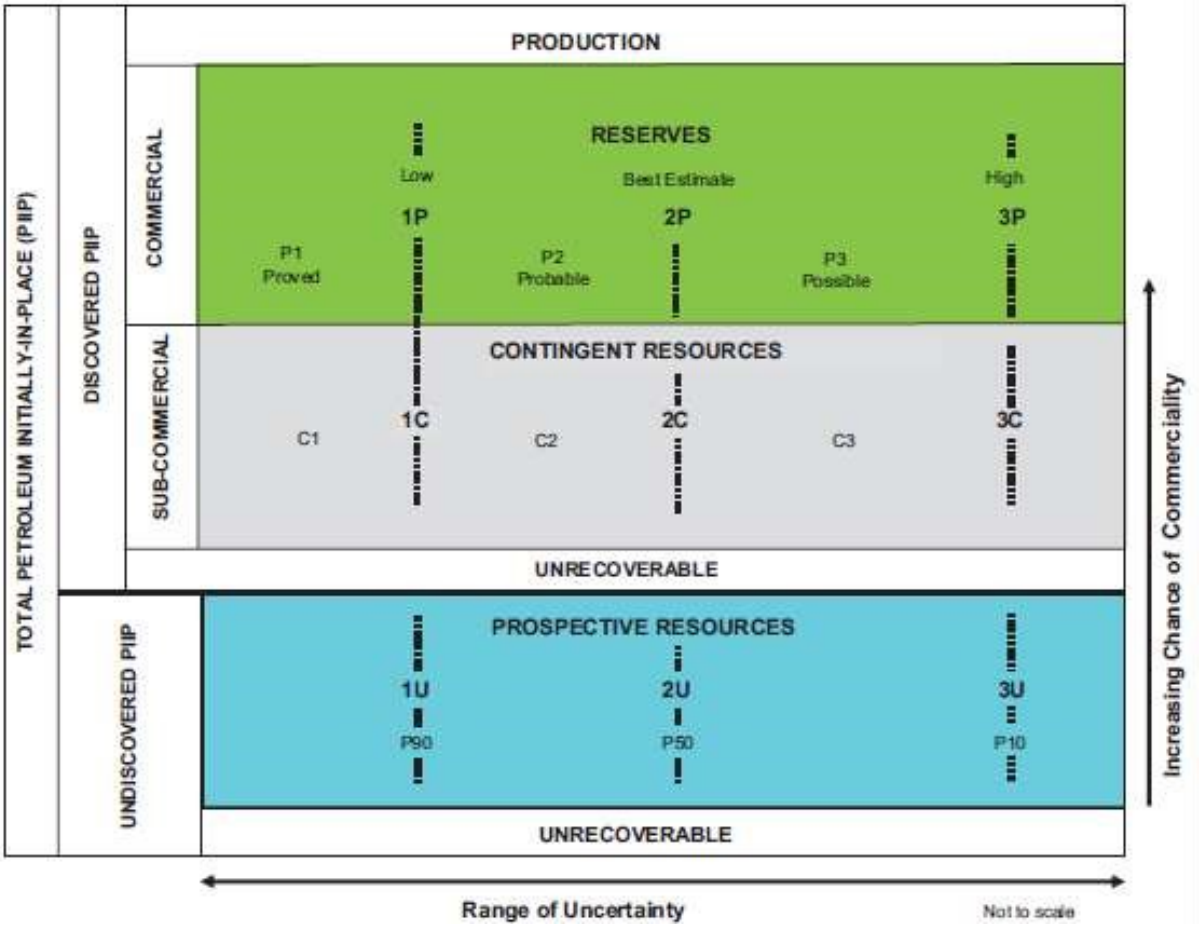
These definitions have been adopted by the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and incorporated into Canadian National Instrument 51-101 (NI 51-101) by reference. The product types are as defined in NI 51-101 and are only applicable to reports prepared according to NI 51-101 requirements as identified in the Introduction section of this report.

Although not all the definition groupings may be applicable to this report, they have been included here to ensure appropriate context of the definitions that do apply to this report. Guidance on the application of, and further explanation of, the definitions in this Appendix can be found in either PRMS or the COGE Handbook as applicable.

Resources Categories	Included	Excluded
Petroleum Initially-in-Place	✓	-
Prospective Resources	-	✓
Contingent Resources	-	✓
Reserves	✓	-

1. **Resources** encompass all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered plus quantities already produced. Total Resource is equivalent to Petroleum Initially-in-Place (PIIP).

The following figure illustrates the relationship of the different resources within the PRMS Resources classification framework and aids in placing the subsequent definitions in context.



2. Total **Petroleum Initially-in-Place** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

3. **Undiscovered Petroleum Initially-in-Place** is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The potentially recoverable portion of Undiscovered PIIP is referred to as Prospective Resources; the remainder is unrecoverable

4. **Discovered Petroleum Initially-in-Place** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. Discovered PIIP includes production, Reserves and Contingent Resources; the remainder is unrecoverable.

5. **Discovery** is the confirmation of the existence of an accumulation of a significant quantity of potentially recoverable petroleum.

6. A **Known Accumulation** is one that has been penetrated by a well that has demonstrated the existence of a significant quantity of potentially recoverable petroleum.

7. **Prospective Resources** are those quantities of petroleum estimated, as of a give date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

8. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development projects not currently considered to be commercial due to one or more contingencies. Contingent Resources have an associated chance of development.

9. **Reserves** are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

    - analysis of drilling, geological, geophysical and engineering data;
    - the use of established technology;
    - specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
    - a maximum remaining reserve life of 50 years.

    Reserves are classified according to the degree of certainty associated with the estimates.

10. **Proved Reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

11. **Probable Reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

12. **Possible Reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this report.

Other criteria that must also be met for the categorization of reserves are provided in Section 3.1 of PRMS or Section 1.4.7.2.1 of the COGE Handbook.

Each of the reserves categories (proved, probable, and possible) may be divided into developed or undeveloped categories.

13. **Developed Reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

14. **Developed Producing Reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

15. **Developed Non-Producing Reserves** are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

16. **Undeveloped Reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling and completing a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned and are expected to be developed within a limited time.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions 10, 11 and 12 are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

a. There is a 90% probability that at least the estimated proved reserves will be recovered.

b. There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.

c. There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Levels of Certainty for Resources

The same levels of certainty as described above for reserves, represented by a probability distribution of the low, best and high volume estimates, can be applied to Contingent and Prospective Resources as reflected with the 1C, 2C, 3C, C1, C2 and C3; or 1U, 2U and 3U resources categories and shown on the resources classification figure on the horizontal axis.

Additional clarification of certainty levels associated with resources estimates and the effect of aggregation is provided in Sections 2.2 and 4.2 of PRMS or Section 5.7 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

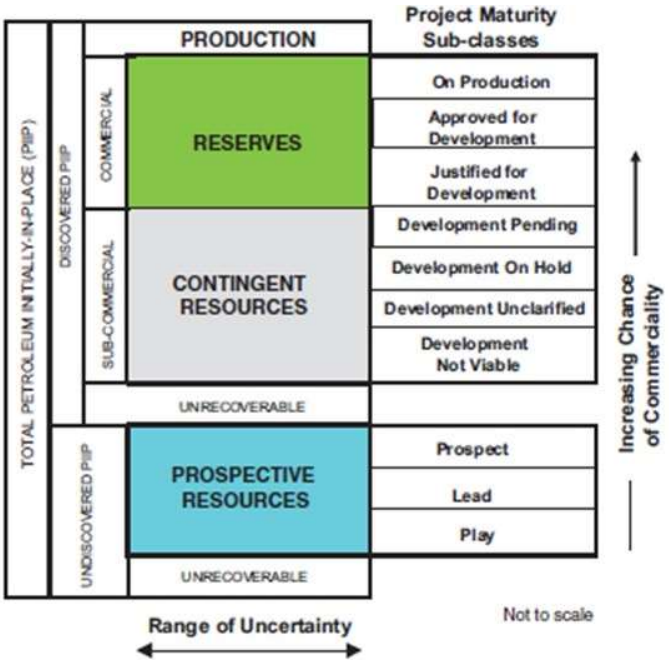
17. **Chance of Commerciality** is the product of the chance of geologic discovery and the chance of development and is used to estimate risked resources by multiplying with the resource volumes. The chance of geologic discovery for Contingent Resources is 100 percent, thus the Chance of Commerciality of Contingent Resources is equal to the chance of development. The Chance of Commerciality is used to estimate the level of maturity of the resource classification as reflected by its' use as an axis on the right side of the Resources Classification Framework as shown in the following figure.

18. **Chance of Development** is the estimated probability that a known accumulation, once discovered, will be commercially developed. The Chance of Development is the product of the contingencies applicable to a particular project. The applicable contingencies may include one or more of the following:

a. **Evaluation Drilling –** the geological continuity of the reservoir needs to be confirmed to reduce the distance from proven productivity;
b. **Regulatory Approval** – Approval from the applicable regulatory agency or agencies has not been received;
c. **Economic Factors –** The future product pricing and capital costs may not be at a level or sufficiently defined - and may also include other underlying factors including market conditions, exchange rates, fiscal terms and taxes - to establish the economic viability of the project;
d. **Corporate Commitment –** The final investment decision and endorsement from the Company and / or the project co-venturers has not been made, nor is there a reasonable expectation these can be arranged in a reasonable time frame, such that the project can move forward. A technically mature and feasible field development plan may also need to be developed;
e. **Timing of Production or Development –** The current development plan may not commence within a reasonable time period;
f. **Market Access –** Infrastructure or access to existing facilities may not be in place or sales contracts have not been executed that will allow the production products to access viable markets;
g. **Technology Under Development –** The technology required to commercially develop the area is not currently available nor is it under active development;
h. **Legal Factors –** Factors that have been brought forward regarding the ability to explore, produce and sell the hydrocarbons;
i. **Political Factors –** Political unrest may impede the development in the area;
j. **Social License –** One or more of the jurisdictions in which the project area is located has policies in place that restrict certain types of development due to environmental concerns.

19. **Chance of Geologic Discovery** (or just Chance of Discovery) is the estimated probability that exploration activities will confirm the existence of a significant accumulation or potentially recoverable petroleum. The Chance of Geologic Discovery is the product of one or more applicable geologic factors which include:
    a. **Source** – The presence of source rock in reasonable proximity to the target that has generated, or is generating, hydrocarbon from organic material trapped in the rock;
    b. **Migration –** There is a path that allowed for the migration of the hydrocarbon from the source to the reservoir;
    c. **Reservoir** – The presence of rock with sufficient thickness, porosity, and permeability to be commercially productive;
    d. **Trap (or Seal) –** The reservoir rock is bounded by impermeable layers prior to the time of migration that has allowed the migrating hydrocarbon to accumulate within the reservoir rock;
    e. **Structure –** the geometry of the anticipated accumulation is able to contain the migrating hydrocarbons in the form of a stratigraphic and / or structural trap. This factor may not apply to unconventional resources, or accumulations that are pervasive throughout a large area and

not significantly affected by hydrodynamic influences such as coal-bed methane, gas hydrates, natural bitumen, tight oil, tight gas or oil shale.



The **Project Maturity Sub-class** represents the maturity of the project and sets out the associated actions required to move the project towards commercial production. The boundaries between the different levels of project maturity are normally project decision gates and can vary from organization to organization dependent upon the established internal approval process for project expenditures.

20. A **Play** is the lowest and least defined level of Prospective Resources and is a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific leads or prospects.

21. A **Lead** is the next level or Prospective Resources and is a project that is poorly defined and requires additional data acquisition and/or evaluation.

22. A **Prospect** is the best defined level of Prospective Resources and represents a project that is sufficiently well defined to represent a viable drilling target, although remains undiscovered.

23. **Development Not Viable** is the lowest level of Contingent Resources and represents a discovered accumulation for which there are contingencies resulting in there being no current plans to develop or acquire additional data at the time due to limited commercial potential.

24. **Development Not Clarified** is the second lowest level of Contingent Resources and is a discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. A plan for future evaluation should exist but further study or appraisal work will be ongoing in order to establish the actions necessary to move the project forward to commercial maturity.

25. **Development On Hold** is the second highest level of Contingent Resources and represents a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

26. **Development Pending** is the highest level of Contingent Resources and represents a discovered accumulation where development activities are ongoing to justify commercial development in the foreseeable future.

27. **Justified for Development** is the lowest level of Reserves and represents a development project that has reasonable forecast commercial conditions at the time or reporting and there are reasonable expectations that all necessary approvals/contracts will be obtained.

28. **Approved for Development** is the second level of Reserves and represents a development project that is commercial under the current and/or forecast conditions, has received all approvals and/or contracts necessary for development including the commitment of capital funds and implementation of the development of the project is underway.

29. **On Production** is the highest level of Reserves and reflects the operational execution phase of one or more development projects with the Reserves currently producing or capable of production, including Developed Producing and Developed Non-Producing Reserves.

30. **Remaining Recoverable Reserves** are the total remaining recoverable reserves associated with the acreage in which the Company has an interest.

31. **Company Gross Reserves** are the Company's working interest share of the remaining reserves, before deduction of any royalties.

32. **Company Net Reserves** are the gross remaining reserves of the properties in which the Company has an interest, less all Crown, freehold, and overriding royalties and interests owned by others plus all royalty interest volumes received.

33. **Net Production Revenue** is income derived from the sale of net reserves of oil, non-associated and associated gas, and gas by-products, less all capital and operating costs.

34. **Fair Market Value** is defined as the price at which a purchaser seeking an economic and commercial return on investment would be willing to buy, and a vendor would be willing to sell, where neither is under compulsion to buy or sell and both are competent and have reasonable knowledge of the facts.

35. **Barrels of Oil Equivalent (BOE) Reserves** is the sum of the oil reserves, plus the gas reserves divided by a conversion factor, plus the natural gas liquid reserves, all expressed in barrels or thousands of barrels. Equivalent reserves can also be expressed in thousands of cubic feet of gas equivalent (McfGE) using the same conversion factor. Normally the conversion factor represents an approximation of the nominal heating content or calorific value equivalent to a barrel of oil.

36. **Oil (or Crude Oil)** is a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons, but does not include liquids obtained from the processing of natural gas. Crude oil volumes are further divided into Product Types, for reporting purposes.

37. **Gas (or Natural Gas)** is a mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs, but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds. Natural Gas volumes are further divided into Product Types, for reporting purposes.

38. **Non-Associated Gas** is an accumulation of natural gas in a reservoir where there is no crude oil.

39. **Associated Gas** – the gas cap overlying a crude oil accumulation in a reservoir.

40. **Solution Gas** – gas dissolved in crude oil.

41. **Natural Gas By Products** – those components that can be removed from natural gas including, but not limited to, ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.

Product Types sub-classify the principle product types of petroleum, crude oil, gas and by-products, into specific groupings based on the properties of the hydrocarbon and the properties of the accumulation and reservoir rock from which it is found. Regulatory agencies may define in legislation the production types they require to be used for reporting purposes in their jurisdiction. The Canadian Securities Associations (CSA) defines the following Product Types for reporting purposes in National Instrument 51-101, effective July 1, 2015.

Crude Oil

I) **Light Crude Oil** means crude oil with a relative density greater than 31.1 degrees API gravity;

II) **Medium Crude Oil** means crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

III) **Heavy Crude Oil** means crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

IV) **Tight Oil** means crude oil:

a. contained in dense organic rich rocks, including low-permeability shales, siltstones and carbonates, in which the crude oil is primarily contained in microscopic pore spaces that are poorly connected to one another, and

b. that typically requires the use of hydraulic fracturing to achieve economic production rates;

V) **Bitumen** means a naturally occurring solid or semi-solid hydrocarbon:

a. consisting mainly of heavier hydrocarbons, with a viscosity greater than 10,000 millipascal-seconds (mPa·s) or 10,000 centipoise (cP) measured at the hydrocarbon's original temperature in the reservoir and at atmospheric pressure on a gas-free basis, and

b. that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods;

VI) **Synthetic Crude Oil** means a mixture of liquid hydrocarbons derived by upgrading bitumen, kerogen or other substances such as coal, or derived from gas to liquid conversion and may contain sulphur or other compounds;

Natural Gas

VII) **Conventional Natural Gas** means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

VIII) **Coal Bed Methane** means natural gas that

a) primarily consists of methane, and

b) is contained in a coal deposit;

IX) **Shale Gas** means natural gas:

a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals, and

b) that usually requires the use of hydraulic fracturing to achieve economic production rates;

X) **Synthetic Gas** means a gaseous fluid:

a) generated as a result of the application of an in-situ transformation process to coal or other hydrocarbon-bearing rock, and

b) comprised of not less than 10% by volume of methane;

XI) **Gas Hydrate** means a naturally occurring crystalline substance composed of water and gas in an ice-lattice structure;

By-Products

XII) **Natural Gas Liquids** means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates.

XIII) **Sulphur** is a non-hydrocarbon elemental by-product of gas processing and oil refining.

Appendix B — Abbreviations, Units and Conversion Factors

This appendix contains a list of abbreviations found in Sproule reports, a table comparing Imperial and Metric units, and conversion tables used to prepare this report.

Abbreviations

ADR	abandonment, decommissioning and reclamation
AFE	authority for expenditure
AOF	absolute open flow
APO	after pay out
B_g	gas formation volume factor
B_o	oil formation volume factor
BOE	barrels of oil equivalent
bpd	barrels per day
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
bfpd	barrels of fluid per day
BPO	before pay out
BS&W	basic sediment and water
BTU	British thermal unit
bwpd	barrels of water per day
CF	casing flange
CGR	condensate-gas ratio
D&A	dry and abandoned
DCQ	daily contract quantity
DPIIP	discovered petroleum initially-in-place
DSU	drilling spacing unit
DST	drill stem test
EOR	enhanced oil recovery
EPSA	exploration and production sharing agreement
FPSO	floating production, storage and off-loading vessel
FVF	formation volume factor
g/cc	gram per cubic centimeter
GIIP	gas initially-in-place
GOR	gas-oil ratio
GORR	gross overriding royalty
GRV	gross rock volume
GWC	gas-water contact
HCPV	hydrocarbon pore volume

ID	inside diameter
IOR	improved oil recovery
IPR	inflow performance relationship
IRR	internal rate of return
k	permeability
KB	kelly bushing
LKH	lowest known hydrocarbons
LKO	lowest known oil
LNG	liquefied natural gas
LPG	liquefied petroleum gas
McfGE	thousands of cubic feet of gas equivalent
Mcfpd	thousands of cubic feet per day
md	millidarcies
MDT	modular formation dynamics tester
MPR	maximum permissive rate
MRL	maximum rate limitation
NCI	net carried interest
NGL	natural gas liquids
NORR	net overriding royalty
NPI	net profits interest
NRA	no reserves assigned
NRI	net revenue interest
NPV	net present value
NRV	net rock volume
NTG	net-to-gross
OD	outside diameter
OGIP	original gas in place
OIIP	oil initially-in-place
OOIP	original oil in place
ORRI	overriding royalty interest
OWC	oil-water contact
P1	proved
P2	probable
P3	possible
P&NG	petroleum and natural gas
PI	productivity index
ppm	parts per million
PSU	production spacing unit
PSA	production sharing agreement
PSC	production sharing contract
PVT	pressure-volume-temperature

RFT	repeat formation tester
RT	rotary table
SCAL	special core analysis
SS	subsea
TPIIP	total petroleum initially-in-place
TVD	true vertical depth
UPIIP	undiscovered petroleum initially-in-place
WGR	water-gas ratio
WI	working interest
WOR	water-oil ratio
2D	two-dimensional
3D	three-dimensional
4D	four-dimensional
1P	proved
2P	proved plus probable
3P	proved plus probable plus possible
^{o}API	degrees API (American Petroleum Institute)

Imperial and Metric Units

Imperial Units			Metric Units	
M (10^3)	thousand	**Prefixes**	k (10^3)	kilo
MM (10^6)	million		M (10^6)	mega
B (10^9)	billion		G (10^9)	giga
T (10^{12})	trillion		T (10^{12})	tera
Q (10^{15})	quadrillion		P (10^{15})	peta
in.	inches	**Length**	cm	centimetres
ft	feet		m	metres
mi	miles		km	kilometres
ft^2	square feet	**Area**	m^2	square metres
ac	acres		ha	hectares
cf or ft^3	cubic feet	**Volume**	m^3	cubic metres
scf	standard cubic feet			
gal	gallons		L	litres
Mcf	thousand cubic feet			
MMcf	million cubic feet			
Bcf	billion cubic feet		e^6m^3	million cubic metres
bbl	barrels		m^3	cubic metres
Mbbl	thousand barrels		e^3m^3	thousand cubic metres
stb	stock tank barrels		stm^3	stock tank cubic metres
bbl/d	barrels per day	**Rate**	m^3/d	cubic metre per day
Mbbl/d	thousand barrels per day		e^3m^3/d	thousand cubic metres
Mcf/d	thousand cubic feet per day		e^3m^3/d	thousand cubic metres
MMcf/d	million cubic feet per day		e^6m^3/d	million cubic metres
Btu	British thermal units	**Energy**	J	joules
oz	ounces	**Mass**	g	grams
lb	pounds		kg	kilograms
ton	tons		t	tonnes
lt	long tons			
psi	pounds per square inch	**Pressure**	Pa	pascals
			kPa	kilopascals (10^3)
psia	pounds per square inch absolute			
psig	pounds per square inch gauge			
°F	degrees Fahrenheit	**Temperature**	°C	degrees Celsius
°R	degrees Rankine		K	degrees Kelvin
M$	thousand dollars	**Dollars**	k$	1 kilodollar

Imperial and Metric Units (Cont'd)

Imperial Units			Metric Units	
sec	second	**Time**	s	second
min	minute		min	minute
hr	hour		h	hour
d	day		d	day
wk	week			week
mo	month			month
yr	year		a	annum

Conversion Tables

Conversion Factors — Metric to Imperial		
cubic metres (m^3) (@ 15°C)	x 6.29010	= barrels (bbl) (@ 60°F), water
m^3 (@ 15°C)	x 6.3300	= bbl (@ 60°F), Ethane
m^3 (@ 15°C)	x 6.30001	= bbl (@ 60°F), Propane
m^3 (@ 15°C)	x 6.29683	= bbl (@ 60°F), Butanes
m^3 (@ 15°C)	x 6.29287	= bbl (@ 60°F), oil, Pentanes Plus
m^3 (@ 101.325 kPaa, 15°C)	x 0.0354937	= thousands of cubic feet (Mcf) (@ 14.65 psia, 60°F)
1,000 cubic metres (10^3m^3) (@ 101.325 kPaa, 15°C)	x 35.49373	= Mcf (@ 14.65 psia, 60°F)
hectares (ha)	x 2.4710541	= acres
1,000 square metres (10^3m^2)	x 0.2471054	= acres
10,000 cubic metres (ha·m)	x 8.107133	= acre feet (ac-ft)
$m^3/10^3m^3$ (@ 101.325 kPaa, 15° C)	x 0.0437809	= Mcf/Ac.ft. (@ 14.65 psia, 60°F)
joules (j)	x 0.000948213	= Btu
megajoules per cubic metre (MJ/m^3) (@ 101.325 kPaa, 15°C)	x 26.714952	= British thermal units per standard cubic foot (Btu/scf) (@ 14.65 psia, 60°F)
dollars per gigajoule ($/GJ)	x 1.054615	= $/Mcf (1,000 Btu gas)
metres (m)	x 3.28084	= feet (ft)
kilometres (km)	x 0.6213712	= miles (mi)
dollars per 1,000 cubic metres ($/10^3m^3$)	x 0.0288951	= dollars per thousand cubic feet ($/Mcf) (@ 15.025 psia) B.C.
($/10^3m^3$)	x 0.02817399	= $/Mcf (@ 14.65 psia) Alta.
dollars per cubic metre ($/m^3$)	x 0.158910	= dollars per barrel ($/bbl)
gas/oil ratio (GOR) (m^3/m^3)	x 5.640309	= GOR (scf/bbl)
kilowatts (kW)	x 1.341022	= horsepower
kilopascals (kPa)	x 0.145038	= psi
tonnes (t)	x 0.9842064	= long tons (LT)
kilograms (kg)	x 2.204624	= pounds (lb)
litres (L)	x 0.2199692	= gallons (Imperial)
litres (L)	x 0.264172	= gallons (U.S.)
cubic metres per million cubic metres ($m^3/10^6m^3$) (C_3)	x 0.177496	= barrels per million cubic feet (bbl/MMcf) (@ 14.65 psia)
$m^3/10^6m^3$) (C_4)	x 0.1774069	= bbl/MMcf (@ 14.65 psia)
$m^3/10^6m^3$) (C_{5+})	x 0.1772953	= bbl/MMcf (@ 14.65 psia)
tonnes per million cubic metres ($t/10^6m^3$) (sulphur)	x 0.0277290	= LT/MMcf (@ 14.65 psia)
millilitres per cubic meter (mL/m^3) (C_{5+})	x 0.0061974	= gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf)
(mL/m^3) (C_{5+})	x 0.0074428	= gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf)
Kelvin (K)	x 1.8	= degrees Rankine (°R)
millipascal seconds (mPa·s)	x 1.0	= centipoise
density (kg/m3), ρ	ρ÷1000x141.5-131.5	= °API

Conversion Tables (Cont'd)

Conversion Factors — Imperial to Metric		
barrels (bbl) (@ 60°F)	x 0.15898	= cubic metres (m^3) (@ 15°C), water
bbl (@ 60°F)	x 0.15798	= m^3 (@ 15°C), Ethane
bbl (@ 60°F)	x 0.15873	= m^3 (@ 15°C), Propane
bbl (@ 60°F)	x 0.15881	= m^3 (@ 15°C), Butanes
bbl (@ 60°F)	x 0.15891	= m^3 (@ 15°C), oil, Pentanes Plus
thousands of cubic feet (Mcf) (@ 14.65 psia, 60°F)	x 28.17399	= m^3 (@ 101.325 kPaa, 15°C)
Mcf (@ 14.65 psia, 60°F)	x 0.02817399	= 1,000 cubic metres (10^3m^3) (@ 101.325 kPaa, 15°C)
acres	x 0.4046856	= hectares (ha)
acres	x 4.046856	= 1,000 square metres (10^3m^2)
acre feet (ac-ft)	x 0.123348	= 10,000 cubic metres (10^4m^3) (ha˙m)
Mcf/ac-ft (@ 14.65 psia, 60°F)	x 22.841028	= $10^3m^3/m^3$ (@ 101.325 kPaa, 15°C)
Btu	x 1054.615	= joules (J)
British thermal units per standard cubic foot (Btu/Scf)	x 0.03743222	= megajoules per cubic metre (MJ/m^3)
(@ 14.65 psia, 60°F)		(@ 101.325 kPaa, 15°C)
$/Mcf (1,000 Btu gas)	x 0.9482133	= dollars per gigajoule ($/GJ)
$/Mcf (@ 14.65 psia, 60°F) Alta.	x 35.49373	= $/$10^3m^3$ (@ 101.325 kPaa, 15°C)
$/Mcf (@ 15.025 psia, 60°F), B.C.	x 34.607860	= $/$10^3m^3$ (@ 101.325 kPaa, 15°C)
feet (ft)	x 0.3048	= metres (m)
miles (mi)	x 1.609344	= kilometres (km)
dollars per barrel ($/bbl)	x 6.29287	= dollars per cubic metre ($/m^3$)
GOR (scf/bbl)	x 0.177295	= gas/oil ratio (GOR) (m^3/m^3)
Horsepower	x 0.7456999	= kilowatts (kW)
psi	x 6.894757	= kilopascals (kPa)
long tons (LT)	x 1.016047	= tonnes (t)
pounds (lb)	x 0.453592	= kilograms (kg)
gallons (Imperial)	x 4.54609	= litres (L) (.001 m^3)
gallons (U.S.)	x 3.785412	= litres (L) (.001 m^3)
barrels per million cubic feet (bbl/MMcf) (@ 14.65 psia) (C_3)	x 5.6339198	= cubic metres per million cubic metres ($m^3/10^6m^3$)
bbl/MMcf (C_4)	x 5.6367593	= ($m^3/10^6m^3$)
bbl/MMcf (C_{5+})	x 5.6403087	= ($m^3/10^6m^3$)
LT/MMcf (sulphur)	x 36.063298	= tonnes per million cubic metres ($t/10^6m^3$)
gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf) (C_{5+})	x 161.3577	= millilitres per cubic meter (mL/m^3)
gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf) (C_{5+})	x 134.3584	= (mL/m^3)
degrees Rankine (°R)	x 0.555556	= Kelvin (K)
centipoises	x 1.0	= millipascal seconds (mPa˙s)
°API	(°APIx131.5)x 1000/141.5	= density (kg/m3)

Appendix C — General Evaluation Parameters

Royalties and Mineral Taxes

The lessor and overriding royalties were based on existing agreements and government regulations. Royalties would be deducted as cash flow items when revenue summaries were prepared rather than reductions of reserve volumes

Operating, Maintenance and Capital Costs

Operating, maintenance and capital cost forecasts were not prepared due to the unavailability of actual expense statements at the field level.

By-Product Reserves

The by-product reserves and production forecasts were based on the recovery rates estimated by the Operator.

Abandonment, Decommissioning and Reclamation

Abandonment, decommissioning and reclamation (ADR) costs represent all the end of life costs associated with restoring an asset where petroleum exploration, development, production, and processing operations have been conducted, to a standard imposed by applicable government or regulatory authorities.

Estimating ADR costs on existing development requires detailed knowledge of the property, the history of each well and facility, and may require site visits. Without detailed scrutiny of existing development in its entirety, the ADR cost estimates presented in an evaluation may be misleading or imply a level of due diligence evaluators do not typically undertake. ADR costs included in an asset evaluation must be properly assessed with reliance on those with the requisite expertise.

Best practice would use an ADR estimate which includes all costs required to restore existing development from the well's bottom hole to custody transfer point, to the standards imposed by applicable government or regulatory authorities and include the ADR costs for both active and inactive development included in the assets evaluated.

ADR costs have been considered by the Operator in their estimation of the economic limit for undeveloped locations or projects. These estimates were not reviewed as part of this audit.

Active and Inactive Assets and Properties

Active properties or assets are those properties or assets which contain planned development activity which is economic and/or existing development which is on production or will start or resume production within a reasonable time period.

Inactive properties have no current production and typically consist of shut-in, suspended and capped wells, various land holdings, suspended gathering systems and shut-in processing facilities. These assets typically have no development plans which may be assigned reserves however they do incur ongoing operating expenses within a company's oil and gas asset portfolio, the magnitude of which may be material.

Inactive assets and properties do not have reserve estimates assigned. The review of these was not included as part of the scope of the audit as, if included in the portfolio, would fall within the 20 percent of the assets not reviewed.

Uneconomic Assets or Properties

Uneconomic assets or properties are those assets and properties which are currently producing however do not yield net positive cash flows under the economic model. These assets have no assigned reserves and would incur inactive asset costs once actually shut-in. Since individual fields are not tested for positive economics, the impact of the possible inclusion of these within the total asset base of the Company has not been assessed under the scope of this project.

Overhead Expenses

Operating Cost Overhead

Operating cost overhead charges and recoveries associated with the Company's properties, whether operated or non-operated, would normally be excluded for if a cash flow evaluation were performed.

Capital Cost Overhead

Capital cost overhead charges and/or recoveries have not been included in the evaluation and forecast of future capital cost spending.

Carbon Taxes

Oman does not currently legislation as to the implementation of Carbon Taxes. The impact of the possible future imposition of these taxes has not been assessed.

Carbon Tax Credits

Oman does not currently provide for any mechanism for the application of carbon taxes. As a result the possible application of credits or any related offset mechanism does not exist within the country.

Other Items

Volumes in Inventory

Volumes of petroleum products produced but not yet sold, volumes in inventory, are not included in the reserve volumes presented in this report.

Overlift and Underlift Volumes

Overlift and underlift volumes have not been included in the reserves volumes presented in this report. Overlift and underlift volumes means, in relation to the Company's interest in a property, the amount of petroleum product lifted by the Seller on and before the effective date, which exceeds (in the case of Overlift) or falls short of (in the case of Underlift) the aggregate amount of petroleum product entitlement on and before the effective date attributable to that interest.

Financial Instruments

If the audit included the assessment of cash flows and corporate runs they would not include the effects of various financial instruments the Company may hold, such as pricing hedging contracts and/or various put and call options.

Appendix D – Representation Letter

The Representation Letter has been included as Appendix D; it was prepared by Officers of the Company and confirms the accuracy, completeness and availability of all data requested by Sproule and or otherwise furnished to Sproule during the course of our evaluation of the Company's assets, herein reported on.

Sproule B.V.
Stationsplein 6
2275AZ Voorburg
The Netherlands

Dear Sir:

Re: Energy Development Oman SAOC
PO Box 828
Min Al Fahal, PC116, Muscat
Sultanate of Oman

Regarding the audit of our Company's oil and gas reserves (the “Reserves Audit”) for the year ended December 31, 2023 (the “Effective Date”), we herein confirm, to the best of our knowledge and belief after due inquiry, as of the Effective Date and, as applicable, as of today, the following representations and information made available to you during the conduct of the Reserves Audit:

1. We (the Client) have made available to you (the Auditor) certain records, information, and data relating to the audited properties that we confirm is, with the exception of immaterial items, complete and accurate as of the Effective Date of the Reserves Audit, including, where applicable, the following:

    - accounting, financial, tax, and contractual data;
    - asset ownership and related encumbrance information;
    - details concerning product marketing, transportation, and processing arrangements;
    - details concerning maintenance capital
    - all technical information including geological, engineering, and production and test data;
    - estimates of future abandonment, decommissioning and reclamation costs, excluding adjustments for salvage.

2. We confirm that all financial and accounting information provided to you is, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.

3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.

4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes, terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.

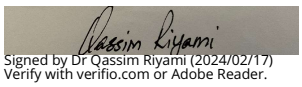
5. With the possible exception of items of an immaterial nature, we confirm the following as of the Effective Date:

- For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
- All regulatory approvals, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
- Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the Effective Date are consistent with those that existed for the same well or entity immediately prior to this three-month period.
- Except as disclosed to you, we have no plans or intentions related to the ownership, development, or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.
- If material changes of an adverse nature occur in the Company's operating performance subsequent to the Effective Date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of any reserves information.

Between the Effective Date and the date of this letter nothing has come to our attention that has materially affected or could materially affect our reserves and the economic value of these reserves that has not been disclosed to you.

Yours very truly,
Energy Development Oman SAOC

Azhar Al Kindi
Signed with ConsignO Cloud (2024/02/15)
Verify with verifio.com or Adobe Reader.
notarius


Signed by Dr Qassim Riyami (2024/02/17)
Verify with verifio.com or Adobe Reader.
notarius

Azhar Al Kindi

EDO Chief Operating Officer

Dr Qassim Riyami

PDO Reservoir Engineering Discipline Head

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Energy Development Oman SAOC ("EDO") consolidated financial statements
for the year ended 31 December 2023

1

Energy Development Oman SAOC

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ENERGY DEVEOPMENT OMAN SAOC

Board of Directors report for the year ended 31 December 2023

Responsibilities of the Board of Directors for the Energy Development Oman ("EDO") Consolidated Financial Statements

The members of EDO Board hereby declare that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and relevant requirements of Commercial Companies Law of 2019, present fairly, in all material respects, the consolidated financial position of EDO as at 31 December 2023 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and explanatory notes.

The Board of Directors of EDO have approved the information contained in the consolidated financial statements of EDO.

On behalf of the Board

Mazin Al Lamki
Chief Executive Officer
Energy Development Oman
22 February 2024

شركة تنمية طاقة عمان ش.م.ع.م
س.ت: ١٣٧٨٥٥٦
C.R. No: 1378556
P.O. Box: 828
Postal Code: 116
Sultanate of Oman
ENERGY DEVELOPMENT OMAN S.A.O.C.

Sultan Al Mamari
Chief Financial Officer
Energy Development Oman
22 February 2024

Building a better working world

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVELOPMENT OMAN SAOC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Energy Development Oman SAOC (the "Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss or other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVELOPMENT OMAN SAOC (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Key audit matter	*How our audit addressed the key audit matter*
Estimation of crude oil and non-associated gas (NAG) reserves Oil and gas reserves are an indicator of the future potential of the Group's performance. Crude oil and NAG reserves estimates are used in the calculation of depreciation, depletion and amortisation (DD&A), impairment testing and in the estimation of abandonment provisions of production wells and production facilities. The principal risk is the impact of the crude oil and NAG reserves estimate on the consolidated financial statements through DD&A, impairment testing, and abandonment provisions estimate. Auditing the estimation of crude oil and NAG reserves is complex. There is significant estimation uncertainty in assessing the quantities of reserves and resources in place. The estimates are based on the Group's management and petroleum engineers' ("experts") assessments of petroleum initially in place, production curves and certain other inputs, including forecast production volumes, future capital and operating cost assumptions and estimated life of field. Also, technical uncertainties are involved in determining the level of reserves in each clusters/area. Due to significant estimation uncertainty involved, we have considered estimation of crude oil and NAG reserves as a key audit matter. Proved developed reserves, which are estimated by the Group's petroleum engineers in accordance with industry best practice and Securities and Exchange Commission (SEC) rules (as set forth in the Note 2 to the consolidated financial statements entitled "Significant judgments, estimates and assumptions"), change according to production, and the price of hydrocarbons. The accounting policies relating to estimation of crude oil and NAG reserves, DD&A and abandonment provisions are set out in Note 3 to the consolidated financial statements entitled "Material accounting policy information".	We obtained an understanding of the controls over the Group's crude oil and NAG reserves' estimation process. We then evaluated the design of these controls and tested their operating effectiveness. We involved professionals with crude oil and NAG reserves audit experience for evaluating the key assumptions and methodologies applied by management and experts. Our audit procedures in this area included the following, but were not limited to: • Testing whether significant additions or reductions in crude oil and NAG reserves were made in the period in which the new information became available, by understanding the changes in circumstances that drove the change; • Assessing that reserve movements were in compliance, in all material respects, with the Group's reserves and resources guidance; • Evaluating the professional qualifications, competence and objectivity of Group's experts' who are responsible for crude oil and NAG reserves estimation; • We assessed the assumptions used by the management and experts and compared the assumptions to the macroeconomic indicators, hydrocarbon production, operating costs, capital expenditures forecasts and other performance indicators, approved by the Company's management. We compared the estimates of reserves to the estimates included in the DD&A, impairment and abandonment provisions. • On a sample basis, performing look back analysis of historical data to identify indications of estimation bias, if any, over time.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVELOPMENT OMAN SAOC (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Other information

Other information comprises the Board of Directors' report. Those charged with governance and management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the relevant requirements of the Commercial Companies Law of 2019, as amended, and for such internal control as those charged with governance determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVELOPMENT OMAN SAOC (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVELOPMENT OMAN SAOC (CONTINUED)

Report on other legal and regulatory requirements

As required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

- we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- the Group has maintained accounting records and the consolidated financial statements are in agreement therewith;
- the Group has carried out physical verification of inventories;
- the financial information included in the Board of Directors' report is consistent with the books of accounts of the Group; and
- based on the information that has been made available to us, nothing has come to our attention, which causes us to believe that the Group has contravened, during the year ended 31 December 2023, any of the applicable provisions of the Commercial Companies Law of 2019 or its Articles of Association, which would materially affect the financial performance of the Group for the year ended 31 December 2023 or its consolidated financial position as at 31 December 2023.

Imtiaz Ibrahim
22 February 2024
Muscat

ERNST & YOUNG LLC
C.R. No. 1226813

Energy Development Oman SAOC
Consolidated statement of profit or loss and other comprehensive income
For the year ended

	Notes	31-Dec-23 US$'000	31-Dec-22 US$'000
Revenue	4	**16,422,914**	17,281,524
Other operating income	5.a	**176,172**	193,456
Finance income	5.d	**7,559**	2,385
Total revenues and other income		**16,606,645**	17,477,365
Production expenses	7	**(1,115,911)**	(1,412,711)
Royalty expenses	8	**(6,525,451)**	(7,397,206)
Depreciation, depletion and amortisation	6	**(3,840,790)**	(3,567,022)
Other expenses	5.b	**(30,348)**	(19,932)
Profit before interest and tax		**5,094,145**	5,080,494
Finance costs	5.c	**(606,604)**	(396,605)
Profit before tax		**4,487,541**	4,683,889
Income tax expenses			
Income tax expenses	27	**(3,790,479)**	(3,914,669)
Profit for the year		**697,062**	769,220
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of pension fund obligation	22	**12,990**	(91,457)
Total comprehensive income for the year		**710,052**	677,763

The attached notes 1 to 30 form part of these consolidated financial statements

Energy Development Oman SAOC
Consolidated statement of financial position
As at 31 December

	Notes	31-Dec-23 US$'000	31-Dec-22 US$'000
Non-current assets			
Property, plant and equipment	10a	23,495,057	22,898,658
Right-of-use assets	10b	777,853	823,721
Net retirement benefit assets	22	358,258	241,575
Receivables and prepayments	16	16,549	18,593
Housing loans	13	8,359	9,357
Other non-current assets		3,745	4,623
Total of non-current assets		24,659,821	23,996,527
Current assets			
Inventories	15	528,721	413,470
Receivables and prepayments	16	85,763	105,355
Due from related parties	19	1,689,100	2,302,550
Housing loans	13	1,866	2,804
Cash and bank balances	11	706,318	249,403
Other current assets		-	4,834
Total of current assets		3,011,768	3,078,416
Assets held for sale	24	-	52,315
Total assets		27,671,589	27,127,258
Shareholders' equity			
Share capital	12	1,300	1,300
Retained earnings		11,047,791	14,086,975
Total equity		11,049,091	14,088,275
Non current liabilities			
Provision for staff end-of-service and other retirement benefits	23	8,447	11,962
Lease liabilities	20	637,416	681,110
Abandonment provision	21	3,176,514	2,506,968
Deferred tax liabilities	27	2,514,762	1,535,363
Loans and borrowings	18	6,000,069	4,447,903
Total of non-current liabilities		12,337,208	9,183,306
Current liabilities			
Loans and borrowings	18	1,624,105	1,445,292
Payables and accruals	17	2,122,526	1,983,133
Tax payables		140,516	49,973
Due to related parties	19	172,976	98,324
Lease liabilities	20	225,167	226,640
Total of current liabilities		4,285,290	3,803,362
Liabilities associated with assets held for sale	24	-	52,315
Total liabilities		16,622,498	13,038,983
Total equity and liabilities		27,671,589	27,127,258

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 February 2024 and are signed on their behalf by the Chief Executive Officer and the Chief Financial Officer of Energy Development Oman SAOC on 22 February 2024:

Mazin Al Lamki
Chief Executive Officer
Energy Development Oman SAOC

Sultan Al Mamari
Chief Financial Officer
Energy Development Oman SAOC

The attached notes 1 to 30 form part of these consolidated financial statements.

شركة تنمية طاقة عمان ش.م.ع.م
س.ت: ١٣٧٨٥٥٦
C.R. No: 1378556
P.O. Box: 828
Postal Code: 116
Sultanate of Oman
ENERGY DEVELOPMENT OMAN S.A.O.C.

Energy Development Oman SAOC
Consolidated statement of changes in equity
For the year ended 31 December

	Notes	Share capital US$ 000	Retained earnings US$ 000	Total equity US$ 000
Balance at 1 January 2023		**1,300**	**14,086,975**	**14,088,275**
Profit for the year		**-**	**697,062**	**697,062**
Other comprehensive income - re-measurement of pension fund obligation	**22**	**-**	**12,990**	**12,990**
Interim dividend	**19**	**-**	**(3,703,783)**	**(3,703,783)**
Distribution of assets in specie	**19**	**-**	**(45,453)**	**(45,453)**
At 31 December 2023		**1,300**	**11,047,791**	**11,049,091**
Balance at 1 January 2022		1,300	18,757,909	18,759,209
Profit for the year		-	769,220	769,220
Other comprehensive loss - re-measurement of pension fund obligation	22	-	(91,457)	(91,457)
Interim dividend	19	-	(5,308,158)	(5,308,158)
Distribution of assets in specie	19	-	(40,539)	(40,539)
At 31 December 2022		1,300	14,086,975	14,088,275

The attached notes 1 to 30 form part of these consolidated financial statements

Energy Development Oman SAOC
Consolidated statement of cash flows

For the year ended

	Notes	31-Dec-23 US$'000	31-Dec-22 US$'000
Operating activities:			
Profit before tax		**4,487,541**	4,683,889
Adjustments for:			
Pension scheme costs	***22***	**66,873**	75,445
Depreciation, depletion and amortization	**6**	**3,768,420**	3,498,355
Depreciation on right of use assets	**6**	**72,370**	68,667
Royalty expenses	***8***	**6,525,451**	7,397,206
Gain on changes in abandonment estimates	***5.a***	**(111,215)**	(92,627)
Gains on disposals of property, plant and equipment	***5.a***	**(3,235)**	(20,970)
Finance income	***5.d***	**(7,559)**	(2,385)
Finance cost	***5.c***	**606,604**	396,605
Net movement in National objective investments		**4,834**	22,160
Net movement in employee's end of service and other retirement benefits		**(3,515)**	(4,501)
		15,406,569	16,021,844
Working capital changes:			
Changes in inventories		**(115,251)**	71,184
Changes in receivables and prepayments		**21,636**	36,671
Changes in amounts due from related parties		**613,450**	(1,238,886)
Changes in payables and accruals		**45,990**	97,619
Changes in amounts due to related parties		**74,652**	2,508
		16,047,046	14,990,940
Income tax paid		**(2,736,413)**	(2,488,562)
Contribution towards Omani staff pension scheme	***22***	**(154,691)**	(148,925)
Royalty paid		**(6,591,835)**	(7,160,642)
Cost associated with distribution of assets in specie	***19***	**(45,453)**	(40,539)
Net cash from operating activities		**6,518,654**	5,152,272
Investing activities:			
Acquisition of property, plant, and equipment		**(3,400,290)**	(3,110,772)
Expenditure on exploration and evaluation assets	***10a***	**(222,828)**	(183,629)
Proceeds from disposal of property, plant, and equipment		**38,616**	55,445
Finance income	***5.d***	**7,559**	2,385
Net movement in housing loans and other non-current assets		**2,814**	1,299
Net cash used in investing activities		**(3,574,129)**	(3,235,272)
Financing activities:			
Loan received		**1,965,718**	-
Loan repaid		**(3,944,073)**	-
Dividend paid	***19***	**-**	(1,655,268)
Finance cost		**(244,036)**	(109,758)
Payment of principal portion of lease liabilities	***20***	**(265,219)**	(243,351)
Net cash used in financing activities		**(2,487,610)**	(2,008,377)
Increase (Decrease) in cash and bank balances		**456,915**	(91,377)
Cash and bank balances at beginning of the year	***11***	**249,403**	340,780
Cash and bank balances at end of year	***11***	**706,318**	249,403

For details of non-cash transactions refer note 10a, 10b, 19, 20, 21, 22 and 24

The attached notes 1 to 30 form part of these consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

1. Background and Basis of preparation

1.1 Background

Formation of EDO

Energy Development Oman SAOC ("EDO" or the "Company") was established on 3 December 2020 in the Sultanate of Oman. EDO was registered on 24 December 2020 through Royal Decree as a 100% owned subsidiary of the Government of the Sultanate of Oman (the "Government"). The Company together with its subsidiaries (hereinafter referred to as 'the Group') has a presence in Oman.

The Group has taken over the participating rights/interests of the Oil and Gas Operations of Block 6 from the Ministry of Energy and Minerals (the "MoEM"). Block 6 is the Sultanate's largest and most significant oil and gas operation and covers a geographic area of approximately 90,000 square km., which includes a substantial part of the Oman Mountain Fold belt and Rub al Khali basins, including the Ghaba and Fahud salt basins.

The MoEM's 60% interest in Petroleum Development Oman LLC ("PDO"), a limited liability company registered in the Sultanate of Oman in accordance with the Commercial Companies Law, as amended, and 100% interest in Gas Operations were transferred to the Group on 24 February 2021 and 6 May 2021, respectively (also referred to as the "Royal Decree"). Gas Operations are managed by PDO.

PDO is responsible for the following activities:

i. undertaking all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, transportation, storage, and delivery of crude oil in accordance with the terms of an "Oil Concession Agreement" (see below) for Block 6 (the "Oil Operations"); and
ii. undertaking all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, and transportation of NAG in accordance with the terms of "Gas Agreements" (see below) between the Government and PDO (the "Gas Operations").

After the formation of EDO, EDO incorporated the following five subsidiaries:

- Hydrogen Oman SPC ("HDO") on 13 June 2022 having commercial registration certificate number 1428787. The objective of HDO is to structure and accelerate the development of the green hydrogen sector in Oman.
- Oman New Energies SPC ("ONE") on 24 November 2022 having commercial registration number 1458799. One is incorporated to explore future power-related business. As of 31 December 2023, ONE is not operational, and no transactions are recorded in its books.
- EDO Gas SPC ("GasCo") on 25 June 2023 having commercial registration certificate number 1491751. GasCo has taken over the participating right/interest of the Gas Operations of Block 6 from the EDO (w.e.f. 1 July 2023).
- EDO InfraCo SPC ("Infra") on 11 December 2023 having commercial registration number 1521732. As of 31 December 2023, Infra is not operational, and no transactions are recorded in its books.
- On 26 June 2023, the Company established EDO Sukuk Limited, a special purpose vehicle incorporated in the Cayman Islands. EDO Sukuk Limited was established as a means to fund the Group by acting as issuer and trustee of the Sukuk trust certificates.

Under the Fiscal Protocol, which applies to the Group's share of crude oil and gas production, including the applicability of royalties and taxes under the pre-existing Block 6 Oil Concession agreement, various additional agreements have been entered into between the Government and the Group. The agreements define the fiscal terms applicable to the Group's revenue from the Block 6 Operations. The key agreements entered between the Government and the Group are as follows:

- Oil concession agreement
- Oil operating agreement
- PDO shareholders' agreement
- the Block 6 Gas Concession Agreement which applies to Non-Associated Gas ('NAG') and condensate, including its related taxes

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

1. Background and Basis of preparation (continued)

1.1 Background (continued)

Formation of EDO (continued)

- the Oman Export Blend sale and purchase agreement; and
- the Natural gas sales agreement
- Fiscal Protocol
- Shareholder's bridge facility agreement

Oil Concession Agreement

The Government and Private Oil Holdings Oman Limited ("POHOL") had entered into an Oil Concession Agreement for Block 6 effective 1 January 2005 and expiring on 31 December 2044. Under this agreement, PDO operated as a cost centre, wherein all costs related to the Block 6 oil operations were incurred. PDO had no entitlement to proceeds from crude oil. The property, plant, and equipment ("PPE") relating to the Oil Operations were recognised in the books of PDO. The investment in PPE, operational costs and other costs were funded 60% by the Government and 40% by POHOL as shareholders' contributions. The Oil Concession Agreement includes the right to use associated gas, which was internally consumed by PDO as part of the production process relating to the Oil Operations. The Government has novated the Oil Concession Agreement in favour of the Group effective 24 February 2021.

Oil Operating Agreement

The Government and POHOL (acting in their capacities as participants in the Oil Concession Agreement) and PDO (acting in its capacity as the Block 6 operator) entered into an operating agreement for Block 6, which took effect on 1 January 2005 (the "Oil Operating Agreement"). The Oil Operating Agreement will remain in effect for as long as the Oil Concession Agreement remains in force. On 24 December 2020, the Government transferred its rights and obligations under the Oil Operating Agreement to EDO with effect from 24 February 2021 in accordance with the terms of the Oil Operating Agreement.

Under the terms of the Oil Operating Agreement, PDO is authorised to act as operator of the Block 6 operations under the terms of the Oil Concession Agreement

PDO Shareholders' Agreement

The Government, PDO, Shell, TotalEnergies and PTTEP entered into the Petroleum Development Oman LLC shareholders' agreement (the "PDO Shareholders' Agreement"). The PDO Shareholders' Agreement became effective on 1 January 2005. On 24 December 2020, the Government transferred its rights and obligations under the agreement to EDO with effect from 24 February 2021 in accordance with the terms of the PDO Shareholders' Agreement.

The purpose of the PDO Shareholders' Agreement is to regulate the parties' respective rights and obligations with respect to the management and operation of PDO.

Gas Agreements and Gas Concession Agreements

In the capacity of the manager of the Gas Operations, PDO undertook all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, and transportation of NAG in accordance with the directions of the Government. PDO had no entitlement to the proceeds from the sale of NAG. The gas sales agreements were entered into by the MoEM with the end customers. PDO had no ownership of the PPE relating to the Gas Operations. The investment in PPE, operational costs, and other costs was fully funded by the Government.

The Government has granted the Group the rights to explore, search and drill for, produce, develop, and sell NAG and Condensate in the Gas Concession Area in accordance with the terms of this Gas Concession Agreement effective 6 May 2021 and expiring on 31 December 2044. By virtue of this Gas Concession Agreement, the Group has exclusive ownership of all NAG at the point of gas production, exclusive ownership of condensate, and exclusive ownership of all gas assets, in accordance with the terms of this Gas Concession Agreement.

On 16 July 2023, EDO Board approved the amendment and novation of the Gas Concession Agreement and the NAG sales agreement, and the transfer thereof to GasCo by the Company.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

1. Background and Basis of preparation (continued)

1.1 Background (continued)

Formation of EDO (continued)

Oman Export Blend Sale and Purchase Agreement

The Group has entered into an agreement with the Government for the sale of 'Oman Export Blend' crude oil (OEB). Under the terms of this agreement, the Group shall sell its share of crude oil and condensate production to the MoEM or designated MoEM customers at the Mina Al Fahal ("MAF") terminal or at the designated delivery point. The MoEM maintains all the contracts with the end customers. The sale price for OEB is set out in the relevant oil sales agreement between the MoEM and the MoEM's customers. The Group will deliver the OEB to the relevant MoEM customer at the vessel's permanent manifold flange connection.

Natural Gas Sales Agreement

The Group has entered into an agreement with the Government to sell its entire NAG production to the Government at agreed fixed prices for the first 5 years of the agreement as determined in the agreement effective 6 May 2021. The agreed fixed price (per MMBTU) for 2021, 2022, 2023, 2024, and 2025 is US$ 2.51, US$ 2.59, US$ 2.69, US$ 2.77, and US$ 2.89 respectively. Post the first 5 years, annual prices shall be determined for each subsequent 5-year period according to a blended transfer price calculation methodology, as defined in the agreement.

Fiscal Protocol

The Government has issued a fiscal guideline in relation to the Group's participating interest in the concession agreement for Block 6. This guideline (referred to as the "Fiscal Protocol"), also provides detailed information on royalties and taxes relavant to the Group.

Shareholder's bridge facility agreement

The Group's funding policy requires Block 6 capital costs to be funded (i) through debt up to the debt capacity of FFO (Funds From Operations) / Debt of 45%, and (ii) the remaining balance of the Block 6 capital cost through Block 6 revenue.

The Group ("Borrower") entered into a shareholder bridge facility agreement ("Shareholder Loan Agreement" or "the bridge facility") with The Government of the Sultanate of Oman represented by the Ministry of Finance ("Government" or "Lender"). Under this agreement, Government makes available to the Group a finance facility. Any amounts drawn down pursuant to the Bridge Facility may be effected by way of cash funds transfer or through Offsets (Offsets means any Bridge Loan or part thereof which, rather than being paid by way of a funds transfer, is satisfied / paid by way of making an adjustment / offset agreed by the Parties against funds payable by the Borrower to the Lender).

In the meeting held on 26 February 2023, the EDO Board approved the treatment of 2023 residual cash paid to MOF as a repayment of the shareholder loan balance (rather than a dividend payment).

The Block 6 Operations

Prior to the "formation of EDO", the Oil and Gas Operations of Block 6 (the "Block 6 Operations") were conducted by the MoEM, the Ministry of Finance (the "MOF"), and PDO. PDO was a joint operation between the MoEM (60%) and Private Oil Holdings Oman Limited ("POHOL") (40%).

1.2 Basis of Preparation

The Group's consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

1. Background and Basis of preparation (continued)

1.3 Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements have been prepared on the going concern basis.

2. Significant judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and/or liabilities in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

(a) Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant impact on the amounts recognised in the Group's consolidated financial statements.

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

At inception of the contract with customers, the Group assesses the performance obligations embedded in the contracts. Based on the assessment, the Group has concluded that there is generally only one performance obligation with respect to the sale of crude oil, condensate and NAG respectively. There are no other performance obligations or benefits derived by the customers from the contracts.

Determining the timing of satisfaction of performance obligation

The Group recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good to customers. An asset is transferred when (or as) the customer obtains control of that asset, which is upon delivery of goods. Under the terms of existing contracts, the Group has determined that shipping or transportation services are not being provided to the customers, and the only performance obligation is sale of crude oil and petroleum products.

Determining transaction price and allocation

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer. Since sale of crude oil, condensate and NAG is the only performance obligation, the entire transaction price is allocated to sale of the product respectively.

Principal versus agent considerations

The Group enters into contracts with its customers for supply of crude oil, condensate and NAG. The Group determined that it controls the goods before they are transferred to customers, and it has the ability to direct the use of goods or obtain benefits from the goods. The following factors indicate that

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(a) Judgments (continued)

Revenue from contracts with customers (continued)

Principal versus agent considerations (continued)

the Group controls the goods before they are being transferred to customers. Therefore, the Group determined that it is a principal in all its revenue arrangements.

- The Group is primarily responsible for fulfilling the promise to provide the specified goods.
- The Group has inventory risk before the specified goods have been transferred to the customers.
- The Group has discretion in establishing the price for the specified goods.

Consideration of significant financing component in a contract

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that goods will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods to the customer.

Determining the lease term of contracts with renewal and termination options – The Group as lessee

Management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. Management applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Management included the renewal period as part of the lease term for leases of rigs, hoists, facilities, well service units, vehicles and cargo haulage equipment with a shorter non-cancellable period of 1-2 years. The Group typically exercises its option to renew these leases because based on the previous experience and the future intention of the management to continue, there is a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of certain production facilities, for example rigs, hoists, vehicles and well service units with longer non-cancellable lease periods (i.e., >5 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Management has considered and evaluated the following factors before determining not to embrace the extension options beyond the original term:

- management’s long-term strategy is to re-tender rig contracts and move towards mechanised rigs wherever possible.
- the economic benefit for continuing with the same supplier (same lease) is not proven, hence it is not reasonably certain to exercise the extension option, due to the fact that there are competitors in the market who are expected to offer competitive prices. which may result in a retendering process.
- the expected changes in technologies in the ensuing five years.
- New technologies in the market and strategic studies would reassess the economic feasibility of leases.

With reference to certain drilling equipment, hub offices, electronic equipment and certain equipment relating to rigs and hoists, these contracts are less than 12 months at the transition date and the management is of the view that most of the extension options may not be exercised. The Group could replace these assets without significant cost or business disruption. Therefore, these have not been included in the lease liabilities.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(a) Judgments (continued)

Determining the lease term of contracts with renewal and termination options – The Group as lessee (continued)

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Identification of non-lease components

In addition to containing a lease, the Group's service arrangement involves additional services, including personnel cost, maintenance, production related activities and other items. These are considered to be non-lease components and the Group has decided to separate these from the lease components. Judgment is required to identify these. The consideration in the contract is then allocated between the lease and non-lease components on a relative stand-alone price basis. This requires the Group to estimate stand-alone prices for each lease and non-lease component.

Accounting for leases and joint operations

Where the Group participates in a joint operation, determining whether to recognise and whether to measure a lease obligation involves judgment and requires identification of which entity has primary responsibility for the lease obligations entered into in relation to the joint operation's activities. Where the joint operation (including all parties to that arrangement) has the right to control the use of the identified asset and all parties have a legal obligation to make payments to the third-party supplier, each joint operation participant would recognise its proportionate share of the lease-related balances. This assessment would be based on the terms and conditions of each arrangement. The Group does not have any direct primary legal obligation to pay the third-party suppliers for the lease payments. Therefore, the Group has recognised only its share of lease liabilities, in addition to its share of right of use assets.

Identifying in-substance fixed rates versus variable lease payments

The lease payments used to calculate the lease-related balances under IFRS 16 include fixed payments, in- substance fixed payments and variable payments based on an index or rate. Variable payments not based on an index or rate are excluded from the measurement of lease liabilities and related assets. For some of the Group's drilling rig contracts, in addition to the fixed payments, there are payments that are contractually described as variable but are in-substance fixed payments because the contract terms require the payment of a fixed amount that is unavoidable. The payments are expressed as a rate paid for each operating day, hour or fraction of an hour and can change depending on when and how the asset is being used. Therefore, the management has had to apply judgment to identify in-substance fixed payments included in the lease payments used to calculate the lease-related balances. Other payments identified as variable, not based on an index or rate, are excluded from recognition and measurement of the lease related balances. Management has assessed that while there is variability in the pricing, there is a minimum rate which is considered to be the lowest rate that it would pay while the asset is available for its use, which is the standby or cold-stack rate. The major maintenance and inclement weather rates do not represent the minimum as these are only payable when the asset is not available for use. The additional full operating rates represent variable lease payments.

Functional currency

The functional currency for the Group, is the currency of the primary economic environment in which the Group operates. The functional currency of the Group is the US dollar (US$). Determination of functional currency may involve certain judgments to identify the primary economic environment in which the Group operates. This includes consideration of the currency which influences sales prices, the country whose competitive forces and regulations mainly determine the sale price of its goods, and the currency which influences the labour, materials, and other costs of providing goods or services differ.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(a) Judgments (continued)

***Functional currency* (continued)**

Management considers US$ to be, the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. US$ is the currency in which the Group measures its performance and reports its results, as well as the currency in which it receives funds from the MoEM.

Exploration and evaluation expenditure

The application of the the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates have a direct impact on when the Group defers exploration and evaluation expenditure.

Assessment of contingencies and claims

In the ordinary course of business, the Group is subject to a number of contingencies arising from litigation and claims brought by private parties, including contractors and employees. The operations of the Group continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups in the clusters in which it operates. The industry in which the Group is engaged is also subject to physical risks of various types. The nature and frequency of these developments and events, as well as their effect on future operations and costs, are unpredictable. While these matters are not expected to have a material impact on the Group, no assurance can be provided.

(b) Estimates and assumptions

The preparation of the consolidated financial statements, in conformity with IFRS, requires that the management make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Proved hydrocarbon reserve and resource estimates

The determination of the Group's reserves requires significant degree of estimates and assumptions to be applied. Hydrocarbon reserves are estimates of the measure of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties.

Management estimates the hydrocarbon reserves according to the Code of Practice for Hydrocarbon Resource Volume Classification, Estimation and Reporting; CP-186. In relation to proven reserves, the Group complies with rules set by the Security and Exchange Commission (SEC) (except for the calculation of NAG prices, which is based on the management's internal estimate). Management complies with the principles contained in the Petroleum Resources Management System (PRMS) framework as issued by the Society of Petroleum Engineers (SPE). The Group's resources classification is set in conjunction with the industrial standard petroleum resource classification.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Proved hydrocarbon reserve and resource estimates (continued)

Management estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial 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 that are attributable to private shareholders as per the concession agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. These are regularly reviewed and updated.

Future commodity price assumptions tend to be stable because management does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. Expected production volumes, which comprise proved reserves, are used for the depreciation calculation of production wells and facilities. As discussed above, hydrocarbon reserves estimates are inherently imprecise. For 2023, the long-term Brent oil price assumption used in the estimation of commercial reserves is US$ 82.77 /bbl. (2022: US$ 96.19 /bbl.). For 2023, long-term gas price assumption used in the estimation of commercial reserves is based on the Group's existing NAG sales agreements (valid till the end of 2025) and the managements forecast of future gas price till the end of concession period. As the economic assumptions used may change and as additional geological information is obtained during the operation of a cluster, estimates of recoverable reserves may change. Such changes may impact the Group's reported consolidated financial position and results, which include:

- The carrying value of property, plant and equipment due to changes in estimated future cash flows and depreciation.
- Depreciation, depletion and amortisation charges in the consolidated statement of profit or loss and other comprehensive income may change where such charges are determined using the Unit of Production (UOP) method, or where the useful life of the related assets change.
- Provisions for decommissioning may require revision — where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities.

Depreciation, depletion and amortisation (Unit-Of-Production (UOP) method)

Property, plant and equipment related to hydrocarbon production activities are depreciated on a unit-of-production basis over the proved developed oil and gas reserves of the cluster concerned, other than assets whose useful lives differ from the lifetime of the cluster which are depreciated applying the straight-line method. This results in a depreciation charge proportional to the depletion of the anticipated remaining production from the cluster. For the purpose of proved developed reserves, management uses the SEC-mandated yearly average oil prices and management's estimate of the fixed gas prices. Yearly average oil prices and the fixed gas prices are applied in the determination of proved reserves. Estimates of proved reserves are inherently imprecise, require the application of judgment and are subject to regular revision, either upward or downward, based on new information including details relating to the drilling of additional wells, the observation of long-term reservoir performance under producing conditions and the changes in economic factors, including commodity prices, unforeseen operational issues, contract terms, legislation or development plans.

Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of production assets. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the cluster at which the asset is located. The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Development, exploration and evaluation expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including services are capitalised within property, plant and equipment and is depreciated from the commencement of production. The capitalisation policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Cost incurred on unsuccessful development or delineation wells are written-off.

Significant estimates and assumptions are required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory type stratigraphic test wells on the balance sheet. This includes costs relating to exploration, seismic evaluation, geological and geophysical or other related costs. It is not unusual to have such costs being capitalised on the balance sheet while additional appraisal drilling and seismic work on the potential oil and natural gas cluster is performed or while the optimum development plans and timing are established. However, these seismic costs are part of the cluster that are producing developed petroleum resources.

The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. These costs are incurred on the producing clusters and therefore, management estimates that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The carrying amount of capitalised costs are included as part of property, plant and equipment under producing assets.

Decommissioning (abandonment provision)

Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques or experience at other production sites. The discount rate used for computing the abandonment provision for the year ended 31 December 2023 is 6.85%. (7.26% - 31 December 2022) which is based on long-dated Oman government bonds.

The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

External valuers may be used to assist with the assessment of future decommissioning costs. The involvement of external valuers is determined on a case-by-case basis, taking into account factors such as the expected gross cost or timing of abandonment. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The provision at the reporting date represents management's best estimate of the present value of the future decommissioning costs required. A +0.5% change in the nominal discount rate could reduce the Group's provisions by approximately US$ 203,016 ('000) (2022: US$ (161,525) ('000)). A -0.5% change in the nominal discount rate could increase the Group's provisions by approximately US$ 220,201 ('000) (2022: US$ 174,938 ('000)). A two-year change in the timing of expected future decommissioning expenditures does not have a material impact on the value of the Group's decommissioning provision. Management does not consider a change of greater than two years to be reasonably possible either in the next financial year or as a result of changes in the longer-term economic environment.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Provision for expected credit losses of financial assets

Due from related parties, other receivables and other assets

For these categories of assets, management applies a general approach in calculating ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The areas requiring significant judgment related to the valuation of inventories include estimating the shrinkage that has occurred between physical inventory counts. These judgments and estimates, under certain circumstances, produce varying financial results.

Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss and other comprehensive income (Note 15).

Leases - Estimating the incremental borrowing rate

Management cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. Management estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgments.

Estimated useful lives of property, plant and equipment (excluding production wells and facilities) (straight line method)

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. Management reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management reviews the residual value at the end of each reporting period and changes are adjusted prospectively. For line fill, management believes that the residual value of the line fill is greater than the cost.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

2. Significant judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Useful lives of right-of-use assets

Management determines the estimated useful lives of its right-of-use assets for calculating amortisation. The cost of right-of-use assets are amortised over the estimated useful lives of the assets, which is based on shorter of the lease term and the estimated useful lives of the assets. Management reviews the estimated useful lives of right-of-use assets at the end of each annual reporting period. Any change in the lease term or pattern of consumption of these assets are adjusted prospectively.

Impairment of property, plant and equipment

Management assesses, at each reporting date, whether there is any indication that an asset or a group of assets is impaired. If any such indication exists, Management estimates the recoverable amount of the asset or group of assets. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples like available fair value indicators.

The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). Significant estimates and associated assumptions are involved in determining the cash-generating units, expected future cash flows and discount rates. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Pension and other post-employment benefits

Accounting for defined benefit pensions involves making significant estimates when measuring the Group's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties. Pensions and other post-retirement benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded in the Group's consolidated statement of financial position, and pension and other post-retirement benefit expense for the following year.

The present value of defined benefit pension plans is determined using actuarial valuations. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, future salary increases, mortality rates and future pension increases. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in reasonable changes to the carrying amounts of the Group's pension and other post-retirement benefit obligations within the next financial year. Any differences between these assumptions and the actual outcome will also affect future net income and net assets.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation used are provided in Note 22.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

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 consolidated financial statements, unless stated otherwise. These describe the Group's significant accounting policies adopted in the preparation of these consolidated financial statements, which are relevant for an understanding of the consolidated financial statements.

Revenue from contracts with customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The 5-step approach for revenue recognition is as follows:

- Step 1: Identify contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

In addition to revenue, the standard also applies to:

- the cost to fulfil the contract; and
- the incremental costs of obtaining a contract.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer

Revenue from sale of crude oil, condensate and NAG

The crude oil produced by the upstream operations is sold to external customers. Revenue from the sale of crude oil is recognised at the point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel, pipe or other delivery mechanism and the customer accepts the product and takes physical possession. For export sales of crude oil and condensate, the control passes to the customer when the crude oil or condensate passes the flange connection between the delivery hose and the customer's receiving vessel's permanent manifold connection. For domestic sales of crude oil and condensate, the control passes on to the customer once the oil is transported through the Main Oil Line ("MOL") from the the Group's tank farm connect to the customer's tank farm, i.e., at the Mina Al Fahal ("MAF") connect point. For NAG sales, the control of the natural gas transfers to the customer at the gas delivery point i.e., the inlet flange of the customer's plant. Consequently, the Group's performance obligations are considered to relate only to the sale of crude oil, condensate and NAG.

Under the terms of the relevant concession arrangements, the Group is entitled to its participating share in the crude oil based on its participating interest. Revenue from contracts with customers is recognised based on the actual volumes sold to customers. No adjustments are made to revenue for any differences between volumes sold to customers and unsold volumes which the Group is entitled to sell based on its participating interest. Revenue in respect of such volumes is only recognised when there is a transfer of output to the Group's customers.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Revenue from contracts with customers (continued)

***Revenue from sale of crude oil, condensate and NAG* (continued)**

Further, as regards to the pricing mechanism, the Group's sales of crude oil and condensate are priced based on market prices. The crude oil price is determined based on the daily market prices of the Oman Export Blend Crude Oil Future Contract, which is fixed and agreed at the time of delivery of crude oil and condensate. The Group also charges a premium for additional barrels nominated by the customers over and above the designated limit of oil barrels. The transaction price does not vary significantly under the terms of the contract. At the time of delivery, there is only a minimal risk of a change in the transaction price to be allocated to the crude oil volume sold. Accordingly, at the point of sale there is not a significant risk of revenue reversal relative to the cumulative revenue recognised, and there is no need to constrain any variable consideration under IFRS 15. The NAG price is determined based the Natural Gas Sales agreement between the Group and MoEM with effect from 6 May 2021.

The transportation and shipping cost associated with the transfer of the product to the point of sale is recognised as a selling cost. Revenue resulting from arrangements that are not considered contracts with customers is presented as other operating income.

Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group does not receive any long terms advances from customers in relation to its revenue arrangements.

Other operating revenue

Other operating revenue relates to the Group's share of compensation for the lower grade of crude oil and condensate produced by one of the oil fields that is blended and commingled with the Oman Crude Oil Blend in accordance with the Oman Blend Revenue Distribution Agreement ("OBRDA"). As per OBRDA a compensation is paid by the Operator of Mukhaizna Block to other oil producers in the Sultanate. The calculation is performed by a third party and the compensation is split based on the production volumes of each respective oil producer. These are recognised on a monthly basis when the calculation of the compensation is ascertained and agreed with the parties.

Finance income

For all financial instruments measured at amortised cost, interest income is calculated using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included as finance income in the consolidated statement of profit or loss and other comprehensive income.

Supply of crude oil barrels to the Government

The Government raised a loan of US$ 4 billion in the form of a Pre-Export Facility (PXF) through Yibal Export B.V. The facility was structured as a pre-export financing ("PXF"). The Group shall transfer to the Government such barrels of crude oil as may be required and notified by the Government to perform its obligations under a Forward Sale Arrangement ('FSA Barrels') to satisfy the requirements under the PXF. These FSA barrels are transferred at free of charge and on a 'first priority basis', that is, from the first barrels of crude oil to reach the Petroleum Delivery Point in that month. The Government has the ownership rights of these FSA Barrels and is entitled to dispose of these barrels. The Group's obligations to transfer these FSA Barrels to the Government shall at all times take priority over other obligations. On 21 October 2022, Government's obligation under the PXF arrangement was settled in full. Further, the Group and the Government has agreed that from 21 October 2022, the Group is entitled to the FSA barrels and the settlement of the receivables (sale proceeds) and payables (royalty and taxes) on these FSA barrels would be done on net basis for the year ended on 31 December 2022. Since, the FSA barrels (21 October 2022 to 31 December 2022) were transferred to the Government and there is no other performance obligation pending for the Group to perform, the Group has recognised revenue on the FSA barrels. The Group and the Government has also agreed to consider

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Supply of crude oil barrels to the Government (continued)

the stand alone selling price (monthly official selling price) as the transaction price for the FSA barrels. (Note 19)

Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligation for the liabilities, relating to the arrangement.

Where the Group acts as a joint operator, the Group recognises its interest in relation to a joint operation. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

PDO is classified as a joint operation by the Group, where the Group holds 60% participating interest in the joint operation.

Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI 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.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

The Group's consolidated financial statements include entities listed in note 1.1.

Property, plant and equipment (Oil and gas properties – production wells and facilities)

Initial recognition

Production wells and facilities are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

In certain cases, expenditure is transferred from 'exploration and evaluation assets' to 'production wells and facilities' once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, is capitalised within 'production wells and facilities'. Expenditure incurred on exploration, seismic and other geological and geophysical costs are capitalised as part of 'production wells and facilities' as these are incurred on various clusters that are part of producing assets. Costs incurred on exploration and drilling of unsuccessful development or delineation wells are written off.

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 and is immediately written off. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation, depletion and amortisation

Production wells and facilities are in principle depreciated/amortised over the proved developed reserves of the field concerned, other than assets whose useful lives differ from the lifetime of the field which are depreciated applying the straight-line method. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date. Estimates of oil and natural gas reserves determined in accordance with US Securities and Exchange Commission (SEC) guidelines, including the application of oil prices using 12-month historical price data in assessing the commerciality of technical volumes and management's estimate of the fixed gas prices, are typically used to calculate depreciation, depletion and amortisation charges for the Group's

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Property, plant and equipment (Oil and gas properties – production wells and facilities) (continued)

Depreciation, depletion and amortisation (continued)

oil and gas properties. Therefore, where this approach is adopted, charges are not dependent on management forecasts of future oil prices.

Other assets which are part of production wells and facilities are generally depreciated on a straight-line basis over their estimated useful lives, which is generally 20 years.

Derecognition

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 consolidated 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.

Property, plant and equipment (Exploration and evaluation assets)

Exploration, evaluation and development costs that relate to the acquisition and installation of production facilities, development drilling costs and applicable exploration costs that are expected to generate probable future economic benefits are capitalised. These costs are initially classified as 'exploration and evaluation assets' pending determination of successful exploration using the successful efforts method. Under the successful efforts method, exploration costs associated with exploratory wells are initially capitalised until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalised subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalised costs are written off.

Exploratory wells remain capitalised while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalised costs are not subject to amortisation, but are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalised costs are transferred to production wells and facilities.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g., a platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalised as long as such work is under way or firmly planned.

All other research and development expenditure are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. The expenditure incurred on drilling development wells is capitalised and written off when found to be dry.

Property, plant and equipment (Main oil / gas line, line fill and other facilities)

The main oil and gas pipelines are stated at cost less any depreciation or impairment in value. Minimum quantities of crude oil, condensate and NAG ('line fill'), which is necessary to bring a pipeline into working order, is treated as a part of the related pipelines and is classified as a part of property, plant and equipment. This is on the basis that it is not held for sale or consumed in a production process but is necessary to the operation of a facility during more than one operating cycle.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Property, plant and equipment (Capital work-in-progress)

Capital work-in-progress is not depreciated. Capital work-in-progress is recorded at cost, less impairment. Allocated costs along with borrowing costs directly attributable to the construction of the asset are capitalised. Other capital work-in-progress is recorded at cost which represents the purchase price or cost of service required to complete an asset. The capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Property, plant and equipment (Abandonment assets)

Abandonment and restoration costs associated with provisions for asset retirement are capitalised and depreciated as per classified asset categories (either unit-of-production method or based on the useful life of the asset). The Group records a provision and a corresponding asset for abandonment/decommissioning activities in upstream operations for well plugging, site restorations and other abandonment activities. The abandonment asset and the related obligation for a well is recognised when it is drilled. For other assets, these are recognised in the period when sufficient information becomes available to estimate a range of potential settlement dates.

Property, plant and equipment (all other assets)

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Concession and preliminary expenses	Over the period of concession
Buildings, repair shop, airport and instrumentation	20 to 33 years
Movables, vehicles, software, computing and communication	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated financial statements during the financial period in which they are incurred. An item of property and equipment 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 fair value less costs to sell and the carrying amount of the asset) is included in the consolidated financial statements in the year the asset is derecognised.

The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated financial statements as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively, if appropriate at each reporting date.

Inventories

Crude oil

Crude oil inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method. The cost of crude oil includes the purchase cost, the cost of refining, including the proportion of depreciation, depletion and amortisation, and overheads based on normal operating capacity. Net realisable value is determined by reference to sales prices existing at the reporting date, adjusted where the sale of inventories after the reporting period gives evidence about their net realisable value at the end of the period. Crude oil inventories include the Group's stock entitlement, with adjustment for over lift / under lift stock.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy infomation (continued)

Inventories (continued)

Consignment stock

NAG owned by the Group that is stored in pipelines owned by a related party is classified as inventory, under consignment stock. Since, these pipelines are not owned by the Group, the related line fill inventories used to operate the pipelines are not classified as part of property, plant and equipment. The Group recognise these line fill inventories as consignment stock, as they are possessed by a related party. Consignment stock is stated at cost of production.

Other inventories

Material stock, project bulk material stock and well advance stock are materials and supplies to be consumed in the production process and are valued at cost on a weighted average basis. Inventories are valued at cost less provision for obsolete, slow-moving and defective items. Cost is determined on the weighted average cost basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Leases

The Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is considered as a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Production wells and facilities	
- Crude oil production facilities	10 to 25 years
- Rigs and hoists	2 to 25 years
- Well service units	2 to 12 years
Movables, vehicles, software, computing and communication	
- Logistics and other equipment	7 to 17 years
- Vehicles	2 to 15 years
- Corporate equipment	2 to 4 years

If ownership of the leased asset transfers to the the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses unless they are incurred to produce inventories in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

iii) Use of hindsight

The Group applies the use of hindsight practical expedients to leases where the Group has determined the lease term as the lease contract contains an option to extend or terminate the lease. Based on this the Group has determined different lease terms for different leases based on the contract option.

iv) Short term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain an extension or purchase option). It also applies the low-value assets recognition exemption to leases of certain office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset'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 to sell (FVLCS) and its value-in-use (VIU) and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 to sell, recent market transactions are taken into account, if available. 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 entities 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 cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a five-year period.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit'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 consolidated statement of profit or loss and other comprehensive income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and due from related parties that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that The Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes bank balances and cash, trade and other receivables, due from related parties, housing loan receivables and other non-current assets.

The Group does not have any financial assets at fair value through OCI or financial assets carried at fair value through profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages for due from related parties, other receivables and other financial assets. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs as these financial assets do not contain a significant financing component and usually have a maturity of one year or less. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on ECLs at each reporting date.

The Group has established default rates that is based on its historical credit loss experience and the probability of default associated with the Oman Government, adjusted for forward-looking factors specific to the customers and the economic environment, and taking into account any coverage by letters of credit. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, The Group may also consider a financial asset to be in default when internal or external information indicates that The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass- through’ arrangement; and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables, lease liabilities, due to related parties and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation

process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

This category generally applies to borrowings, trade and other payables, lease liabilities, due to related parties and other liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Current versus non-current classification (continued)

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and bank

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and cash in hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash in hand and cash at bank, as defined above, as they are considered an integral part of the Group's cash management.

Borrowing costs

Borrowing costs include interest and direct costs such as underwriting, stamp duty, legal and other related costs in connection with borrowings. Costs other than interest are deferred when incurred and amortised over the contractual term of the debt. Interest costs are computed using the effective interest rate method in accordance with IFRS 9. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete or suspended if the development of the asset is suspended.

Borrowing costs which are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Fair value measurements (continued)

There are no assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements. The fair values of financial assets and financial liabilities are not significantly different from their carrying values largely due to the short-term nature of these instruments.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Abandonment provision (Decommissioning costs)

Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognised on construction or installation. Similarly, where an obligation exists for a well, this liability is recognised when it is drilled. An obligation for abandonment may also crystallise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its abandonment obligations. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Abandonment obligations are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortised over the useful life of the asset.

Changes in the estimated timing, cash flows or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to abandonment assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss and other comprehensive income. If the change in estimate results in an increase in the abandonment provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of abandonment provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

The discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss as a finance cost. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Environmental expenditures and liabilities

Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed. Liabilities for environmental costs are recognised when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Abandonment provision (Decommissioning costs) (continued)

Environmental expenditures and liabilities (continued)

expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Omani staff pension scheme

PDO operates a defined benefit pension scheme ("the Scheme") for its Omani staff engaged in the oil and gas operations, which requires contributions to be made to a separately administered unregistered fund which is governed by rules set out by PDO.

All Omani employees employed on a full-time basis are eligible to be a Member of the Scheme from the date of joining PDO if he or she is able to complete 15 actual years of service effective from 1 January 2014 with PDO before they reach the age of 60 years for male and 55 years for female (with an option to work until the age of 60 years). PDO contributes into the Scheme each month as determined by the Pensions Committee acting on Actuarial Advice and classifies the Scheme as a Plan Asset under IAS 19 Employee Benefits. The cost of providing benefit under the plan is determined by using the projected unit credit method with actuarial valuation being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gain and losses, and the return of plan assets (excluding interest), is reflected immediately in the balance sheet with a charge/credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive cost is reflected immediately in retained earnings and will not be reclassified to the consolidated statement of other comprehensive income. Past service cost is recognised in the consolidated statement of profit or loss in the period of the plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service costs as well as gains and losses on curtailment and settlements)
- Net interest expense/income
- Re-measurement

The Group presents the first two components of the defined benefit costs in the consolidated statement of profit or loss and third component in other comprehensive income. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the defined benefit plan. Further details are contained in Note 22.

Non-Omani staff pension liabilities

Non-Omani terminal benefits are accounted for on an accrual's basis. End-of-service benefits for seconded expatriate staff is based upon the liability accrued in accordance with the defined contributions of the irrespective pension schemes. End-of-service benefits for other expatriate staff are accrued in accordance with the provisions of the Oman Labour Law, 2003 (as amended). Further details are contained in Note 23.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Foreign currencies

The Group's consolidated financial statements are presented in United States Dollars, which is also the parent company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Distribution of assets

Any transfer of non-financial assets, including inventories, under common control, without consideration is considered to be an equity transaction either in specie distribution or contribution. The Group which gives away the non-financial asset reflects the transaction as a distribution in specie to the Government and accounts for the transfer by derecognising the distributed asset at its carrying value against the equity.

Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The charge for current tax is calculated based on the income reported by the Group, as adjusted for items that are non-taxable or disallowed elements, and other allowable expenses. 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 jurisdiction where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Tax (continued)

Deferred tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Royalties

In accordance with the Fiscal Protocol, the Group shall pay royalties to the Government based in the Group's weekly revenue from the sale of its participating interest share of crude oil and condensate. The Group pays royalties to the Government based on sliding scale royalty rate on the weekly revenue from the sale of crude oil and condensate calculated by applying the Oman export blend crude oil price (MOG Prices) for the nominated month of lifting times the number of barrels of crude oil and condensate lifted by the Group at the petroleum delivery point in such month after deduction of the Government's share of FSA Barrels. The royalties payable by the Group meet the criteria to be treated as an expense, and accordingly, recognised in the consolidated statement of profit or loss.

Cash dividend

EDO recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of EDO. A distribution is authorised when it is approved by the shareholder of EDO. A corresponding amount is recognised directly in equity. Dividends for the year that is approved after the reporting date is dealt with as an event after the reporting date.

However, in the meeting held on 26 February 2023, the EDO Board approved the treatment of 2023 residual cash paid to MOF as a repayment of the shareholder loan balance (rather than a dividend payment).

Changes in significant accounting policies

New and amended standards and interpretations

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

3. Material accounting policy information (continued)

Changes in significant accounting policies (continued)

New and amended standards and interpretations (continued)

Deferred tax related to assets and liabilities arising from a single transaction (continued)

to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. These amendments had no impact on the consolidated financial statements of the Group.

Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. These amendments had no impact on the consolidated financial statements of the Group.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements. These amendments had no impact on the consolidated financial statements of the Group.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

4. Revenue

2023	*Crude oil US$'000*	*NAG & condensate US$'000*	*Total US$'000*
External customers - Crude oil	**11,612,126**	**-**	**11,612,126**
External customers - NAG	**-**	**1,934,498**	**1,934,498**
External customers - Condensate	**-**	**2,876,290**	**2,876,290**
Total revenue from contracts with customers	**11,612,126**	**4,810,788**	**16,422,914**
2022			
External customers - Crude oil	11,711,655	-	11,711,655
External customers - NAG	-	2,055,460	2,055,460
External customers - Condensate	-	3,514,409	3,514,409
Total revenue from contracts with customers	11,711,655	5,569,869	17,281,524

In terms of the timing of revenue recognition, revenue is recognised at a point in time, when the control of goods is transferred to the customer. The Group does not render any other services. There are no financing components with respect to the contracts with customers.

Contract balances

Refer note 16 for trade receivables

Contract liabilities represent advances received to deliver goods and are short-term in nature. These advances do not have any financing component and are customary in nature. The duration between the transfer of a promised goods or services to a customer and the payment for that goods or services will be less than a year. Therefore, it is not considered as variable consideration and did not have any impact on the transaction price.

There were no contract liabilities at the beginning of the year and at the beginning of the earliest period presented, as a result no revenue was recognised during 2023 and 2022 from the contract liabilities.

Information about the Group's performance obligation is summarised in Note 3 "Material accounting policy information" under '*Revenue from contracts with customers'*.

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

5. Other income and expenses

5.a Other operating income

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
OBRDA compensation (Note 3, 'Other operating revenue')	**50,493**	76,429
Changes in abandoment estimates (Note 21)	**111,215**	92,627
Gains on disposals of property, plant and equipment	**3,235**	20,970
Foreign exchange gain	**3,786**	2,475
Tender fee	**1,773**	955
Land fee	**5,670**	-
	176,172	193,456

5.b Other expenses

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Manpower Overheads	**(8,584)**	(4,259)
General Administration expenses	**(3,774)**	(1,440)
Consulting and Advisory	**(16,304)**	(7,016)
IT - Tools and Services	**(1,268)**	(409)
Bank charges	**(174)**	(4)
Reversal (Additions) to ECL provisions (Note 16 and Note 19)	**582**	(5,969)
Miscellaneous expense	**(826)**	(835)
	(30,348)	(19,932)

Other expenses include fees relating to external auditor amounting to US$ 1,136 ('000) (2022: 848 ('000)). Out of this, audit fees for the year amounts to US$ 806 ('000) (2022: 848 ('000)) and the balance relates to non-audit services.

5.c. Finance costs

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Unwinding cost on abandonment provision (Note 21)	**(168,705)**	(173,635)
Interest expense on lease liabilities (Note 20)	**(28,525)**	(24,804)
Bank interest	**(237,859)**	(125,050)
Shareholder's loan interest (Note 19)	**(155,576)**	(73,116)
Sukuk bond	**(15,939)**	-
	(606,604)	(396,605)

5.d. Finance income

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Interest income	**7,559**	2,385
	7,559	2,385

Notes to the consolidated financial statements of the Energy Development Oman SAOC (continued)

6. Depreciation, depletion, and amortisation

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Depreciation on property, plant and equipment (Note 10a)	**(3,768,420)**	(3,498,355)
Depreciation on right-of-use assets (Note 10b)	**(72,370)**	(68,667)
	(3,840,790)	(3,567,022)

7. Production expenses

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Well production expenses	**(293,273)**	(280,001)
Change in inventory (crude oil inventory and consignment stock)	**44,267**	(138,316)
Throughput and other income	**105,054**	103,718
Surface operations and maintenance expenses	**(540,627)**	(556,316)
Other production expenses	**(431,332)**	(541,796)
	(1,115,911)	(1,412,711)

The production expenses include staff costs of US$ 452,337 ('000) and US$ 429,851 ('000) for the years ended 31 December 2023 and 2022, respectively (Note 9).

8. Royalty expenses (Note 19)

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Royalty expense on crude oil	**(5,231,426)**	(5,679,359)
Royalty expense on condensate	**(1,294,025)**	(1,717,847)
	(6,525,451)	(7,397,206)

9. Staff cost

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Basic salaries and allowances	**(510,375)**	(494,968)
Retirement benefit costs	**(3,508)**	(4,300)
Staff pension scheme	**(167,477)**	(157,955)
Other associated costs	**(73,577)**	(64,428)
	(754,937)	(721,651)

During the years ended 31 December 2023 and 2022, staff costs of US$ 302,600 ('000) and US$ 291,800 ('000) respectively, were capitalised in "Production wells & production facilities" and "Work in progress".

Staff costs of US$ 452,337 ('000) and US$ 429,851 ('000) for the years ended 31 December 2023 and 2022, respectively, are included within production expenses (Note 7) .

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

10.a Property, plant, and equipment

	Production wells & production facilities US$'000	*Concession & preliminary expenses US$'000*	*Building, repair shop, air port and instrumentation US$'000*	*Movables, vehicle, software, computing & communication US$'000*	*Main Oil/Gas Line & other facilities US$'000*	*Exploration and evaluation assets US$'000*	*Work in progress US$'000*	*Abandonment assets US$'000*	*Total US$'000*
Cost									
At 1 January 2023	56,829,764	4,620	1,717,683	935,176	726,344	47,803	2,031,765	1,507,478	63,800,633
Additions	1,384,241	-	43,031	50,934	9,611	222,828	2,108,173	271,652	4,090,470
Change in estimates	-	-	-	-	-	-	-	423,776	423,776
Transfer within assets classes/ to other assets	2,360,941	-	15,217	21,667	1,228	(209,322)	(2,189,731)	-	-
Assets written-off and/ or disposed	(102,977)	-	-	(2,473)	-	(25,359)	(81)	(83,372)	(214,262)
At 31 December 2023	60,471,969	4,620	1,775,931	1,005,304	737,183	35,950	1,950,126	2,119,534	68,100,617
Depreciation									
At 1 January 2023	(38,020,245)	(4,620)	(838,928)	(769,633)	(449,491)	-	(846)	(818,212)	(40,901,975)
Charge for the year	(3,476,742)	-	(61,492)	(46,566)	(16,246)	-	-	(167,374)	(3,768,420)
Transfer within assets classes/ to other assets	(593)	-	-	-	-	-	593	-	-
Assets written-off and/ or disposed	62,362	-	-	2,473	-	-	-	-	64,835
At 31 December 2023	(41,435,218)	(4,620)	(900,420)	(813,726)	(465,737)	-	(253)	(985,586)	(44,605,560)
Net book value at 31 December 2023	19,036,751	-	875,511	191,578	271,446	35,950	1,949,873	1,133,948	23,495,057

1. The net book value of assets written-off and/ or disposed (excluding abandonment assets) for the year ended 31 December 2023 amounting to 66,055 ('000) and the sale consideration received against the disposal of asset is US$ 69,290 ('000). Therefore the gain/loss on disposals of property, plant and equipment amounting to US$ 3,235 ('000) is charged to 'other operating income' in the consolidated statement of profit or loss and other comprehensive income.
2. Work-in-progress also includes depreciation expenses relating to right-of-use assets that were capitalised amounting to US$ 140,715 ('000). (Note 10b). This is considered as a non-cash transaction and therefore, excluded from the consolidated state of cash flows.
3. Interest expense on lease liabilities capitalised as part of property, plant, and equipment amounting to US$ 24,308 ('000). This is considered as a non-cash transaction and therefore, excluded from the consolidated state of cash flows (Note 20).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

10.a Property, plant, and equipment (continued)

	Production wells & production facilities US$'000	*Concession & preliminary expenses US$'000*	*Building, repair shop, air port and instrumentation US$'000*	*Movables, vehicle, software, computing & communication US$'000*	*Main Oil Line & other facilities US$'000*	*Exploration and evaluation assets US$'000*	*Work in progress US$'000*	*Abandonment Assets US$'000*	*Total US$'000*
Cost									
At 1 January 2022	52,390,271	4,620	1,615,030	807,801	658,893	4,258	3,425,822	1,889,924	60,796,619
Additions	761,482	-	34,225	44,088	8,804	183,629	2,423,186	129,048	3,584,462
Change in estimates								(443,498)	(443,498)
Transfer within assets classes/ to other assets	3,732,582	-	68,656	87,605	58,869	(130,468)	(3,817,244)	-	-
Assets written-off and/ or disposed	(54,570)	-	(228)	(4,318)	(222)	(9,616)	-	(67,996)	(136,950)
At 31 December 2022	56,829,765	4,620	1,717,683	935,176	726,344	47,803	2,031,764	1,507,478	63,800,633
Depreciation									
At 1 January 2022	(34,772,798)	(4,620)	(778,823)	(728,391)	(433,762)	-	(846)	(718,859)	(37,438,099)
Charge for the year	(3,277,316)	-	(60,177)	(45,558)	(15,951)	-	-	(99,353)	(3,498,355)
Assets written-off and/ or disposed	29,869	-	72	4,316	222	-	-	-	34,479
31 December, 2022	(38,020,245)	(4,620)	(838,928)	(769,633)	(449,491)	-	(846)	(818,212)	(40,901,975)
Net book value at 31 December 2022	18,809,520	-	878,755	165,543	276,853	47,803	2,030,918	689,266	22,898,658

1. The net book value of assets written-off and/ or disposed (excluding abandonment assets) for the year ended 31 December 2022 amounting to 34,475 ('000) and the sale consideration received against the disposal of asset is US$ 55,445 ('000). Therefore the gain/loss on disposals of property, plant and equipment amounting to US$ 20,970 ('000) is charged to 'other operating income' in the consolidated statement of profit or loss and other comprehensive income.

2. Work-in-progress also includes depreciation expenses relating to right-of-use assets that were capitalised amounting to US$ 135,719 ('000). (Note 10b). This is considered as a non-cash transaction and therefore, excluded from the consolidated state of cash flows.

3. Interest expense on lease liabilities capitalised as part of property, plant, and equipment amounting to US$ 25,290 ('000). This is considered as a non-cash transaction and therefore, excluded from the consolidated state of cash flows (Note 20).

Notes to the consolidated financial statements of the Energy Development Oman SAOC
(continued)

10.b Right-of-use assets

	Production wells & production facilities *US$'000*	Movables, vehicle, software, computing & communication *US$'000*	Total *US$'000*
Cost			
At 1 January 2023	1,604,896	123,220	1,728,116
Modification adjustment [1]	17,986	16,932	34,918
Additions	210,535	-	210,535
Disposals	(132,728)	(26,940)	(159,668)
At 31 December 2023	1,700,689	113,212	1,813,901
Accumulated depreciation			
At 1 January 2023	(801,608)	(102,787)	(904,395)
Charge for the period	(194,782)	(18,304)	(213,086)
Disposals	62,490	18,943	81,433
At 31 December 2023	(933,900)	(102,148)	(1,036,048)
Net book value on 31 December 2023	766,789	11,064	777,853

Depreciation for the year was reported as follows:	
Depreciation expense charged to consolidated statement of profit or loss (Note 6)	72,370
Depreciation expense capitalised as part of property, plant and equipment (Note 10a)	140,716
	213,086

[1]Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets. This is considered as a non-cash transaction and therefore, excluded from the consolidated state of cash flows. The Group also had non-cash additions to right-of-use assets and lease liabilities of US$ 210,535 ('000) in 2023 (US$ 114,537 ('000) in 2022) (Note 20).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

10.b Right-of-use assets (continued)

31 December 2022

	Production wells & production facilities US$'000	Movables, vehicle, software, computing & communication US$'000	Total US$'000
Cost			
At 1 January 2022	1,731,680	121,934	1,853,614
Modification adjustment [1]	(199,607)	1,374	(198,233)
Additions	114,537	-	114,537
Disposals	(41,714)	(88)	(41,802)
At 31 December 2022	1,604,896	123,220	1,728,116
Accumulated depreciation			
At 1 January 2022	(677,456)	(85,338)	(762,794)
Charge for the period	(184,085)	(20,301)	(204,386)
Disposals	59,933	2,852	62,785
At 31 December 2022	(801,608)	(102,787)	(904,395)
Net book value on 31 December 2022	803,288	20,433	823,721

Depreciation for the year was reported as follows:	
Depreciation expense charged to consolidated statement of profit or loss (Note 6)	68,667
Depreciation expense capitalised as part of property, plant and equipment (Note 10a)	135,719
	204,386

[1]Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

11. Cash and bank balances

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Cash at bank	**706,236**	249,248
Cash in hand	**82**	155
	706,318	249,403

Cash at bank includes US$ 11,765 ('000) (2022: US$ 21,502 ('000)) balances relating to Block 10 & 11 under the Master Services Agreement between EDO and Shell Development Oman LLC (SDO) (Refer Note 24 b).

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Balances with:		
Energy Development Oman S.A.O.C.	**684,908**	216,006
Petroleum Development Oman LLC	**7,807**	10,293
EDO Gas Operations (managed by PDO LLC)	**13,603**	23,104
	706,318	249,403

For the Group, cash equivalents comprise of cash at bank (in current accounts). These balances earn some small amount of interest and can be withdrawn on demand. Considering the macroeconomic factors, the management has not assumed any probability of default relating to these financial assets.

The Group is required to maintain a separate cash balance as per Debt Service Reserve Account (DSRA) requirement. The Group has obligation to maintain next 3 month's of principal and interest obligations under DSRA requirement to serve its future payments. Currently the Group is maintaining balance as per DSRA requirement to cover liability associated with US$ 2,500,000 ('000) term loan, OMR 375,000 ('000) term loan and Sukuk trust certificates.

12. Issued capital and reserves

Authorised shares

	31-Dec-23 ***US$ 000***	*31-Dec-22* *US$ 000*
Ordinary shares of OMR 1 each	**1,300**	1,300
	1,300	1,300

Ordinary shares issued and fully paid

	31-Dec-23 ***US$ 000***	*31-Dec-22* *US$ 000*
Issued on 06 December 2020	**1,300**	1,300
	1,300	1,300

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

12. Issued capital and reserves (continued)

OCI items, net of tax:

The disaggregation of OCI in retained earnings is shown below:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Re-measurement of pension fund obligation	**28,866**	(203,237)
Deferred tax related to items recognised in OCI during the year	**(15,876)**	111,780
	12,990	(91,457)

13. Housing loans

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Current assets	**1,866**	2,804
Non-current assets	**8,359**	9,357
	10,225	12,161

Housing loans comprise loans disbursed by PDO to Omani staff for the purchase or construction of accommodation under PDO's Housing Loan Scheme. The loans are secured by a mortgage over the title deeds of the accommodation purchased or constructed. The loans are non-interest bearing and have a term ranging from 18 to 20 years.

PDO's housing loan receivables balances were neither past due nor impaired as of the reporting date.

Expected credit loss for housing loans receivables

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
At 1 January and 31 December	**690**	690

14. Disclosure segment information

The Group is a combination of the following three components:

- exploration and production of crude oil from Oil Operations,
- exploration and production of NAG and condensate from the Gas Operations, and
- the sales & marketing of the crude oil, NAG and condensate undertaken by the MoEM.

For the purpose of the consolidated financial statements, the operating segment is organised into business units based on the types of products and various activities in which the Group is engaged and thus has three reportable segments, as follows:

- Crude oil segment - includes all activities related to the crude oil exploration, production, sales and marketing. This segment is further split into export and domestic sales categories.
- NAG & Condensate segment - includes activities related to:
    - the non-associated gas reserves that are developed; and
    - the condensate exploration, production, sales and marketing, which is blended with crude oil and sold at the same price.
- Corporates & others – includes leading strategic initiative for new business streams, accelerate the development of the green hydrogen sector, raising external debt, etc.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

14. Disclosure segment information (continued)

Adjustments and eliminations

Finance income, finance costs and capital expenditures are allocated to individual segments to which the expenditure is attributable to. Finance income relates to interest income accrued on bank balances. Finance cost relates to the interest component for the lease liabilities, abandonment provisions and loans and borrowings. Capital expenditure consists of additions to property, plant and equipment.

The Group's organisational structure reflects the various activities in which the Group is engaged. At 31 December 2023 and 31 December 2022, the Group had three reportable segments: crude oil, NAG & Condensate and corporate & others.

The following table represents the information on the segments noted above:

2023	Crude oil US$'000	NAG & condensate US$'000	Corporate and others US$'000	Adjustments & eliminations US$'000	Total US$'000
External customers -crude oil	11,612,126	-	-	-	11,612,126
External customers - NAG	-	1,934,498	-	-	1,934,498
External customers - Condensate	-	2,876,290	-	-	2,876,290
Total revenue	11,612,126	4,810,788	-	-	16,422,914
Depreciation on property, plant and equipment	2,518,537	1,249,883	-	-	3,768,420
Depreciation on right-of use assets	57,895	13,959	516	-	72,370
Other operating income - land fee	-	-	5,670	-	5,670
Interest income	(1,156)	-	(6,403)	-	(7,559)
Interest expense on lease liabiities	22,905	5,483	137	-	28,525
Interest expense on loans and borrowings	-	-	(409,374)	-	(409,374)
Profit before tax	2,915,310	1,995,274	(423,043)	-	4,487,541
Segment Assets	16,261,333	10,742,031	670,665	(2,440)	27,671,589
Segment Liabilities	6,072,020	2,778,141	7,774,777	(2,440)	16,622,498
Other disclosures					
Capital expenditure	2,721,155	1,097,663	-	-	3,818,818

Notes to the consolidated financial statements of the Energy Development Oman SAOC
(continued)

14. Disclosure segment information (continued)

2022	*Crude oil* *US$'000*	*NAG & condensate* *US$'000*	*Corporate and others* *US$'000*	*Adjustments & eliminations* *US$'000*	*Total* *US$'000*
External customers -crude oil	11,711,655	-	-	-	11,711,655
External customers - NAG	-	*2,055,460*	-	-	2,055,460
External customers -Condensate	-	*3,514,409*	-	-	3,514,409
Total revenue	11,711,655	5,569,869	-	-	17,281,524
Depreciation on property, plant and equipment	2,107,956	1,390,399	-	-	3,498,355
Depreciation on right-of use assets	51,456	16,778	433	-	68,667
Interest income	(47)	-	(2,338)	-	(2,385)
Interest expense on lease liabiities	17,627	7,052	125	-	24,804
Interest expense on loans and borrowings	-	-	198,166	-	198,166
Profit before tax	2,747,648	2,143,511	(207,270)	-	4,683,889
Segment Assets	15,733,132	10,825,014	604,161	(35,049)	27,127,258
Segment Liabilities	4,034,065	2,236,568	6,751,084	(35,049)	12,986,668
Other disclosures					
Capital expenditure	2,482,495	972,919	-	-	3,455,414

15. Inventories

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Material stock	**190,199**	178,690
Project bulk material stock (flowlines and hook-up)	**241,588**	185,221
Crude oil inventory	**79,499**	34,585
Consignment stock	**9,171**	9,818
Well advance stock	**8,264**	5,156
	528,721	413,470

The below table presents the movement in provision for material stock.

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
At 1 January	**29,435**	31,978
Additions to provisions (recognised in consolidated statement of profit or loss)	**7,807**	10,800
Write-offs	**(4,192)**	(13,343)
At 31 December	**33,050**	29,435

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

16. Receivables and prepayments

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Trade receivables	**20,820**	17,764
Prepayments	**35,098**	44,454
Hardship loan to employees	**30,054**	25,866
VAT recoverable	**19,182**	32,129
Other receivables	**12,980**	19,857
	118,134	140,070
Less: expected credit losses	**15,822**	16,122
At 31 December	**102,312**	123,948
Less: non-current portion of receivables and prepayments	**16,549**	18,593
Current portion of receivables and prepayments	**85,763**	105,355

Trade receivables are non-interest bearing and are normally settled within 30-60-day terms.
Other receivables include US$ 72 ('000) (2022: US$ 8,049 ('000)) relating to Block 10 & 11 under the Master Services Agreement between EDO and Shell Development Oman LLC (SDO) (Refer Note 24 b).

Ageing of the trade receivables is as follows:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Less than 1 month	**8,905**	4,397
2 to 3 months	**5,412**	6,245
3 to 6 months	**1,307**	1,592
6 to 12 months	**1,936**	2,097
More than 1 year	**3,260**	3,433
	20,820	17,764

Expected credit loss for trade and other receivables

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
At 1 January	**16,122**	10,403
Charge for the Period	**-**	-
(Reversals)/additions to provisions	**(300)**	5,719
At 31 December	**15,822**	16,122

The Group applies a simplified approach to calculate ECLs. The Group considers the receivables in default when contractual payments are 90 days past due. The Group has established default rates that is based on its historical credit loss experience and the probability of default associated with Oman Government, adjusted for forward-looking factors specific to the customers.

Notes to the consolidated financial statements of the Energy Development Oman SAOC
(continued)

17. Payables and accruals

	31-Dec-23 *US$'000*	*31-Dec-22* *US$'000*
Trade payables		
Foreign:	**392,523**	332,584
Domestic:	**-**	1,759
	392,523	334,343
Accrued expenses	**660,043**	626,324
Deferred income	**1,575**	2,331
Other payables and provisions	**124,939**	231,999
Royalty payables	**714,755**	781,139
Interest payable on shareholder loan	**228,691**	-
National objective liability	**-**	6,997
	2,122,526	1,983,133

Trade payables and other payables are non-interest bearing and are normally settled within a 30–45 day term.

Other payables and provisions include US$ 32,501 (‘000) (2022: US$ 50,066 (‘000)) relating to Block 10 & 11 under the Master Services Agreement between EDO and Shell Development Oman LLC (SDO) (Refer Note 24).

For details of the Group’s liquidity risk management processes (Note 25).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

18. Loans and borrowings

	31-Dec-23	*31-Dec-22*
	US$'000	*US$'000*
Outstanding loan		
USD 2.5 billion term loan	**2,414,474**	2,500,000
Less: net upfront charges on term loan	**(20,867)**	(25,368)
	2,393,607	2,474,632
OMR 375 million term loan	**975,292**	-
Less: net upfront charges on term loan	**(2,539)**	-
	972,753	-
Issuance of sukuk bonds	**1,000,000**	-
Less: net upfront charges on Sukuk bonds	**(5,985)**	-
	994,015	-
Shareholder's loan (Note 19)	**3,263,799**	3,418,563
	7,624,174	5,893,195
The maturity analysis of loans and borrowings are as follows:		
Current		
USD 2.5 billion term loan	**342,105**	85,526
Shareholder's loan (Note 19)	**1,282,000**	1,359,766
	1,624,105	1,445,292
Non-current		
USD 2.5 billion term loan	**2,051,502**	2,389,106
OMR 375 million term loan	**972,753**	-
Issuance of sukuk bonds	**994,015**	-
Shareholder's loan (Note 19)	**1,981,799**	2,058,797
	6,000,069	4,447,903
	7,624,174	5,893,195

Movement in shareholder loan presented below:

At 1 January	3,418,563	-
Interim dividend converted to shareholder's loan (refer note 19)	3,703,783	3,418,563
Repayments during the year	(3,858,547)	-
At 31 December	3,263,799	3,418,563

The USD 2.5 billion term loan is repayable in equal instalments of US$ 85,526 ('000) from twenty-seven months after the date of the facility agreement dated 11 August 2021. The instalments will be paid once every three months up to 81 months from the date of the facility agreement, aggregating nineteen instalments. This loan is repayable in full in 2028 with a final instalment of US$ 875,000 ('000). The rate of interest on each instalment is the aggregate of the margin (2.05% per annum) and applicable SOFR.

OMR 375 million term loan amounting to US$ 975,292 ('000) is raised during February 2023. Principal amount will be repaid after 42 months as a bullet payment. Interest is payable quarterly at 4.4% per annum.

On 26 June 2023, the Company established EDO Sukuk Limited, a special purpose vehicle incorporated in the Cayman Islands. EDO Sukuk Limited was established as a means to fund the Group by acting as issuer and trustee of the Sukuk trust certificates. Sukuk trust certificates amounting to US$ 1,000,000 ('000) were issued in September 2023. The Sukuk trust certificates are listed on the London Stock Exchange's International Securities Market and is payable after 10 years from the date of issuance. Profits are payable half yearly at 5.875% per annum.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

19. Related party transactions

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, and use of public utilities. These transactions are conducted in the ordinary course of the Group on terms comparable to those with other entities that are not government related.

The nature of the related party transaction with the Government entities that are considered to be significant transactions and that have significant balances outstanding as at the end of the reporting periods are detailed below:

Revenue

The Group's 100% NAG revenue is from Government entities amounting to US$ 1,934,498 ('000) for the year ended 31 December 2023 (31 December 2022: US$ 2,055,460 ('000)) with corresponding receivables of US$ 303,609 ('000) as at 31 December 2023 (31 December 2022: US$ 516,921 ('000)).

With respect to crude oil, 100% revenue is from Government amounting to US$ 11,612,126 ('000) during the year ended 31 December 2023 (31 December 2022: US$ 11,711,655 ('000)) with a corresponding receivable of US$ 931,681 ('000) as at 31 December 2023 (31 December 2022: US$ 1,290,714 ('000)).

With respect to condensate revenue, 100% revenue is from the Government amounting to US$ 2,876,290 ('000) during the year ended 31 December 2023 (31 December 2022: US$ 3,514,409 ('000)) with a corresponding receivable of US$ 422,610 ('000) as at 31 December 2023 (31 December 2022: US$ 425,054 ('000)).

Other operating income

Other operating income includes compensation received from a related Government entity for the lower grade of crude oil and condensate of US$ 50,493 ('000) during the year ended 31 December 2023 (31 December 2022: US$ 76,429 ('000)) with corresponding receivables of US$ 4,599 ('000) as at 31 December 2023 (31 December 2022: US$ 38,208 ('000)).

Royalty

The Royalty paid by the Group to the Government on its weekly revenue. For the year ended 31 December 2023 the Group has recognised royalty expense of US$ 6,525,451 ('000) (31 December 2022: US$ 7,397,206 ('000)) with a corresponding payable of US$ 714,755 ('000) as of 31 December 2023 (31 December 2022: US$ 781,139 ('000)).

Purchase cost

The purchase of residue reinjected by a related Government entity amounts to US$ 8,974 ('000) for the year ended 31 December 2023 (31 December 2022: US$ 2,017 ('000)) and the cumulative payables to to this related Government entity as of 31 December 2023 is US$ 31,368 ('000) (31 December 2022: US$ 30,528 ('000)).

Distribution of assets in specie

During the year ended on 31 December 2023, out of the total the Group's share of oil production, the Group transferred production volumes of 1,825 ('000) barrels (31 December 2022: 1,825 ('000)) to the Government (non-cash transaction). This arrangement amounting to US$ 45,453 ('000) (31 December 2022: 40,539 ('000)) for the year ended 31 December 2023 is considered as an equity transaction and accounted for as a distribution of asset in specie to the Government under retained earnings.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

19. Related party transactions (continued)

Supply of crude oil barrels to the Government

Production expenses and depreciation, depletion and amortisation include the cost of FSA barrels transferred to the Government for the year ended 31 December 2023 amounted to Nil and Nil respectively (31 December 2022: US$ 274,824 ('000) and US$ 438,327 ('000)). The total cost of FSA barrels amounted to Nil for year ended 31 December 2023 (31 December 2022: US$ 713,151 ('000)).

Distribution of interim dividends

During the year ended 31 December 2023, the Group has declared interim dividends amounting to US$ 3,703,783 ('000) (31 December 2022: US$ 5,308,158 ('000)) out of which it has paid Nil (31 December 2022: US$ 1,655,268 ('000)) to its shareholder.

The remaining dividend is settled in the following manner:

1. The Group has agreed with its shareholder to classify interim dividend payable amounting to US$ 3,703,783 ('000) as a "Shareholder's loan" to fund the Block 6 capital costs (non-cash transaction). The repayment of this loan will be based on terms specified in an agreement, along with an interest of 5% p.a. payable on the outstanding amount. During the year ended 31 December 2023 Interest expense on the shareholder loan amounted to US$ 155,576 ('000) (2022: 73,116 ("000").
2. In the meeting held on 26 February 2023, the EDO Board approved the treatment of 2023 residual cash paid to MOF as a repayment of the shareholder loan balance (rather than a dividend payment).
3. During the year ended 31 December 2023, the Group had no obligation under the Fiscal Protocol to transfer petroleum barrels under the Forward Sale Agreement. However, during the year ended 31 December 2022, out of the Group's obligation under the Fiscal Protocol to transfer petroleum barrels under the Forward Sale Agreement, the Group transferred an additional 10,613 ('000) barrels of crude oil to the Government. The sale proceeds towards these additional barrels of crude oil aggregated to US$ 1,012,075 ('000) and the related royalty and taxes aggregated to US$ 491,349 ('000) and US$ 286,399 ('000) respectively. The Group has agreed with it's shareholder to settle these balances (i.e. receivable from shareholder amounting to US$ 1,012,075 ('000) (sale proceeds) and payable to shareholder amounting to US$ 777,748 ('000) (royalty and taxes)) on a net basis. The Group further agreed with it's shareholder to settle the remaining balance of US$ 234,327 ('000) (sale proceeds net off royalty and taxes) against the interim dividend payable by the Group to it's shareholder.

Loan from the Omani Pension Fund

PDO has entered into a credit facility with the Omani Pension Fund, under which PDO has utilised the loan proceeds in the development of a project in Ras Al Hamra ("RAH"). The amount due to the Omani Pension Fund and related accrued interest amounts to 63,854 for the year ended 31 December 2023 (31 December 2022: US$ 63,855 ('000)). Interest is charged at 4.8% per annum on the loan. Principal repayment will start annually from FY 2024 and it will be fully repaid by 2043.

Transactions with Key managerial personnel ("KMP")

The Group had following transactions with key managerial personnel in 2023 and 2022.

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
Salaries and other benefits	26,404	25,776
	26,404	25,776

The table below shows the amounts due to related parties and due from related parties as at 31 December 2023 and 31 December 2022.

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
Due from related parties	**1,689,100**	2,302,550
Due to related parties	**172,976**	98,324

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

19. Related party transactions (continued)

Expected credit loss for related party receivables

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
At 1 January	**1,612**	1,362
Amount provided during the year	**-**	250
Amounts reversed during the year	**(282)**	-
At 31 December	**1,330**	1,612

20. Lease liabilities

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Opening balance	**907,750**	1,163,719
Modification adjustments [1]	**34,919**	(169,896)
Additions [2]	**210,535**	114,537
Disposals	**(78,235)**	(7,352)
Accretion of interest	**52,833**	50,094
Payments	**(265,219)**	(243,352)
Total	**862,583**	907,750

1. Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets. This is a non-cash transaction.

2. The additions during the year amounting to US$ 210,535 (‘000) for 2023 and US$ 114,537 (‘000) for 2022 are non-cash transactions (Note 10b).

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Current	**225,167**	226,640
Non-current	**637,416**	681,110
	862,583	907,750

The following is the break up of interest expense on lease liability:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Interest expense on lease liabilities (Note 5.c)	**28,525**	24,804
Interest expense on lease liabilities capitalised as part of property, plant, and equipment (Note 10a)	**24,308**	25,290
	52,833	50,094

Notes to the consolidated financial statements of the Energy Development Oman SAOC
(continued)

20. Lease liabilities (continued)

The Group has lease contracts that include extension and termination options. The Group may reconsider and re-evaluate whether it will exercise these extension or termination options. These options will be evaluated by management to provide flexibility in managing the leased-asset portfolio and align with the business needs. Extension and termination options that are subject to future reconsideration are not reflected as part of lease liabilities. Currently, there is no exposure to these potential additional payments in excess of the recognised lease liabilities until these decisions have been taken by the Group. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (Note 2).

21. Abandonment provision

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Non-current		
At 1 January	**2,506,968**	2,808,406
Additions in provision due to asset acquisition	**271,652**	129,048
Reduction in provision due to disposals	**(83,372)**	(67,996)
Remeasurements and change in estimates	**312,561**	(536,125)
Unwinding of interest cost	**168,705**	173,635
At 31 December	**3,176,514**	2,506,968

The Group makes full provision for the future cost of the decommissioning of oil and gas wells and production facilities on a discounted basis on the installation of those wells and infrastructure. The abandonment provision represents the present value of the abandonment costs relating to oil and gas properties, which are expected to be incurred up to 2044 for oil and gas, when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions are based on the current economic environment adjusted for suitable inflation, which management believes form 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. The movements in the abandonment provision are due to the change in inputs for the discounting factor, the estimated lifetime of clusters and the estimated cost of abandoned wells based on the average expected cost of the wells.

However, actual decommissioning costs will ultimately depend upon the future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Abandonment cost recognised in the consolidated statement of profit or loss and other comprehensive income:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Abandonment asset depreciation (Note 10a)	**167,374**	99,353
Impact of changes in estimate during the year	**(111,215)**	(92,627)
Unwinding of interest cost	**168,705**	173,635
	224,864	180,361

The abandonment provision has been estimated using existing technologies at current prices and discounted using a discount rate of 6.85% in 2023 and 7.26% in 2022.

The utilization of the provision in the next twelve months period is not expected to be significant and therefore, the entire abandonment provision is classified as non-current liabilities.

The additions, reductions and remeasurements and change in estimates are non-cash transactions.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

22. Due to Omani pension scheme

PDO has a separately administered pension scheme for the benefit of its Omani staff. The Omani Staff Pension Scheme ("the pension scheme") is a defined benefit retirement scheme. The contribution by Omani staff is 7% of their basic salaries plus allowances whilst the contributions made by PDO are 36.6% of their basic salaries plus allowances. The last actuarial valuation of the Omani Staff Pension Scheme, performed as at 31 December 2023, showed the described pension scheme's position.

The following tables summarise the components of the pension expense recognised in the consolidated statement of profit or loss and other comprehensive income and the funded status and amounts recognised in the consolidated statement of financial position for the pension scheme.

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Return on plan assets (other than net interest)	**157,134**	(416,608)
Actuarial (loss) / gain from changes in financial assumptions	**(140,765)**	182,712
Actuarial gain from changes in experience adjustments	**12,497**	30,659
Amount recognised in other comprehensive income / (loss)	**28,866**	(203,237)
Deferred tax related to items recognised in OCI during the year	**(15,876)**	111,780
Remeasurement gain on pension fund obligation	**12,990**	(91,457)

Pension scheme costs

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Current service costs	**86,797**	101,840
Net interest expense	**(20,003)**	(26,455)
Past service cost	**79**	60
Total charge	**66,873**	75,445
Less: contribution paid by PDO	**(154,691)**	(148,925)
Surplus contribution to Omani staff pension scheme	**(87,818)**	(73,480)

Consolidated statement of financial position – Net retirement benefit assets/(liabilities)

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Fair value of pension scheme net assets	**2,419,648**	2,025,432
Present value of funded obligations	**(2,061,390)**	(1,783,857)
Net retirement benefit assets	**358,258**	241,575

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

22. Due to Omani pension scheme (continued)

Movement in present value of pension scheme assets

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Opening fair value of scheme	**2,025,432**	2,220,932
Interest income	**150,200**	151,145
Return on plan assets (other than net interest)	**157,134**	(416,608)
Contribution paid by PDO	**154,691**	148,925
Contribution paid by the employees	**24,064**	20,715
Benefits paid	**(91,873)**	(99,677)
Fair value of pension scheme assets	**2,419,648**	2,025,432

Movement in present value of funded obligations

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Opening funded obligations	**1,783,857**	1,849,600
Current service costs	**86,797**	101,840
Interest costs	**130,198**	124,690
Past service	**79**	60
Re-measurement loss/(gain):		
- Actuarial loss/(gain) from changes in financial assumptions	**140,765**	(182,712)
- Actuarial gain from change in experience adjustment	**(12,497)**	(30,659)
Benefit paid	**(91,873)**	(99,677)
Contribution paid by the employees	**24,064**	20,715
Present value of funded obligations	**2,061,390**	1,783,857

The principal assumptions used in determining the pension scheme obligations are shown below:

	2023 **%**	*2022* %
Discount rate at 31 December	**6.85%**	7.26%
Inflation rate	**2.00%**	2.00%
Expected rate of return on assets	**6.85%**	7.26%
Future salary increases	**3.00%**	3.00%
Future pension increases	**2.00%**	2.00%
Mortality rate	**59% of ELT13* improving to 50% in 18 years**	59% of ELT13* improving to 50% in 18 years

**English Life Table No.13 ("ELT 13") reflects the assumed mortality of Omanis covered by the Public Authority of Social Insurance ("PASI").*

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

22. Due to Omani pension scheme (continued)

Salary risk

The present value of the defined benefit plan liability is calculated by reference to future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant

Change in defined benefit obligation.

	2023		*2022*	
	Increase US$'000	***Decrease US$'000***	*Increase US$'000*	*Decrease US$'000*
Discount rate (1% movement)	**(339,600)**	**388,800**	(324,000)	284,400
Future salary growth (1% movement)	**162,000**	**(148,800)**	138,000	(126,000)

Restructuring of Oman pension and social protection system

In April 2021, Royal Decree 33/2021 was issued, in which the subject of integration of pension funds was addressed. The decree stipulated that all local pension funds be merged into two funds, one concerned with civil funds and the other with military and security funds.

In July 2023, Royal Decrees 50/2023 and 52/2023 (the "Royal Decrees"), establishing the Social Protection Fund (SPF), and concurrently, the Social Protection Law (the "Law") has been enacted. The Law, as per the Royal Decrees, will take effect on 1 January 2024. The PDO Omani Pension Fund (OPF) is mandated to transfer a segment of the OPF's assets and liabilities to the Social Protection Fund. Under the SPF, the contribution by Omani staff is 7.5% of their basic salaries plus allowances whilst the contributions made by PDO are 11% of their basic salaries plus allowances.

Subsequent to the reporting date, the SPF has clarified to the Group that the revised transfer date would be 1 January 2025 and the Group is to continue finalizing its post-integration arrangements and certain assumptions which will enable PDO to quantify the liability (and associated assets) which needs to be transferred to the SPF. This exercise is expected to be completed during 2024. From 1 January 2024, the contribution by Omani staff is 7.5% of their basic salaries plus allowances whilst the contributions made by PDO are 11% of their basic salaries plus allowances as prescribed by the SPF.

23. Provision for staff end-of-service and other retirement benefits

The defined contribution pension schemes to which seconded staff contribute are funded by payments to trusts, which are administered independently of PDO. PDO's obligations are limited to these contributions, which are expensed when due.

Provision for Omani end-of-service benefits represents amounts due to Omani staff who are not members of the Omani pension scheme and who have contracts that provide for the payment of end-of-service benefits upon termination or expiration of their employment contracts. Provision for non-Omani end-of-service benefits represents amounts due to non-Omani staff who are not members of any pension scheme and who have contracts that provide for the payment of end-of-service benefits upon termination or expiration of their employment contracts.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

23. Provision for staff end-of-service and other retirement benefits (continued)

Following are the balances of Non-Omani and other staff pension provisions:

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
Provision for Omani staff voluntary enhanced early retirement scheme	**5,942**	9,489
Provision for non-Omani staff end-of-service benefits	**1,444**	1,476
Provision for Omani staff end-of-service benefits (Not under Omani Pension Fund)	**1,061**	997
	8,447	11,962

PDO's obligations are limited to these contributions, which are expensed when due. The tables below provide details of the provisions created (and utilised) during the year.

Provision for Omani staff voluntary enhanced early retirement scheme

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
At 1 January	**9,489**	13,493
Paid during the year	**(3,547)**	(4,004)
At 31 December	**5,942**	9,489

Provision for Omani staff early enhanced retirements (not under Omani Pension Fund)

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
At 1 January	**-**	155
Paid during the year	**-**	(155)
At 31 December	**-**	-

Provision for non-Omani staff terminal benefits

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
At 1 January	**1,476**	2,066
Provision made during the year	**3,049**	3,484
Paid during the year	**(3,081)**	(4,074)
At 31 December	**1,444**	1,476

Provision for Omani staff terminal benefits (not under Omani Pension Fund)

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
At 1st January	**997**	749
Provision made during the year	**103**	364
Paid during the year	**(39)**	(116)
31 December	**1,061**	997

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

24. (a) Assets held for sale

During 2019, EDO Gas Operations entered into a draft agreement with Shell Integrated Gas Oman BV and Total E&P Oman Development BV ("Shell & Total") wherein Shell & Total required that EDO Gas Operations design, develop and execute services related to operations in the Concession Area of Block 10 and Block 11 (Mabrouk North East Area 1 and Area 2 respectively) (together the 'Concession Area').

In 2022, the Royal Decree was issued for Block 10 (Mabrouk North East Area 1), ratifying the Concession Agreement that was signed by the Government of Oman and Shell, along with its partners, OQ and Marsa Liquefied Natural Gas LLC (a joint venture between Total and OQ). This resulted in the relinquishment of EDO Gas Operations' interest and rights in the exploration and exploitation of NAG and NAG condensate in the Block 10 area, in 2022. Hand over of related assets having a value of USD 733 million, and operations to Shell Development Oman L.L.C was completed in 2022.

In 2022 Royal Decree was issued for Block 11 (Mabrouk North East Area 2). Accordingly handover of the related assets having a value of USD 52 million, and operations to Shell Development Oman LLC was completed in 2023.

Assets held for sale (Mabrouk north east):

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Gross Block: Exploration and evaluation assets	-	52,056
Less: Accumulated depreciation	-	-
Net Block: Exploration and evaluation assets	-	52,056
Cash at bank	-	84
Receivables	-	-
Payables	-	(19)
Due to a related party	-	194
	-	52,315

Liabilities associated with assets held for sale

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Funds from Mabrouk North East participants	-	52,315
	-	52,315

(b) Mabrouk North East (Block 10 & Block 11)

A Master Services Agreement (the Agreement) between Gas Operations and Shell Development Oman LLC (SDO) was executed on March'22 for Block 10 and November'22 for Block 11. The agreement provides a framework to enable Gas Operations to provide certain services to SDO on an "at cost" basis. Accordingly Gas Operations, for the purposes of providing services under the Agreement maintains certain working capital items in Gas Operation's books such as cash at bank, payable to vendors etc. which are offset by the receivable due from SDO.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

24. (b) Mabrouk North East (Block 10 & Block 11) (continued)

The position of various working capital items for Block 10 & 11 as on reporting date is as follows:

	31-Dec-23 **US$'000**	*31-Dec-22* US$'000
Cash at bank	**11,765**	21,502
Other receivables (VAT)	**72**	317
Prepayments	**-**	7,732
Payables and accruals	**(32,501)**	(50,066)
Receivable from SDO	**20,664**	20,515
	-	-

25. Financial risk management objectives and policies

The Group operates internationally but has limited exposure to financial risks. The financial risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risk (including commodity price risk, interest rate risk and foreign currency risk), credit risk, and liquidity risk.

Market risk - The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk.

Commodity price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of crude oil and condensate it produces. The Group does not hedge the risk, as there is no active risk management.

Commodity price sensitivity

Based on the assumption that the crude oil price moves +/- 20% this would result in a change of US$ 16/bbl. for the year ended 31 December 2023 (31 December 2022: US$ 19/bbl.), with a consequent change in royalties expense. Following is the net impact of +/- 20% change in crude oil price:

- increase in profit before tax of US$ 343,414 ('000) in case of 20% increase in crude oil price for the ended 31 December 2023 (31 December 2022: US$ US$ 900,423 ('000)) and
- decrease in profit before tax of US$ 849,836 ('000) in case of 20% decrease in crude oil price for the year ended 31 December 2023 (31 December 2022: US$ 890,162 ('000)), respectively, where all other variables are held constant.

There is no commodity price risk associated with NAG produces, because the Group has entered into an agreement with the Government to sell its entire NAG production to the Government at agreed fixed price.

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 term loan obligations with floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax for the period (through the impact on floating rate borrowings rates). There is no direct impact on the Group's equity.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

25. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

31 December 2023	***Increase/Decrease in basis points***	***Effect on profit before tax US$ 000***
	+50	**(12,072)**
	-50	**12,072**

31 December 2022	*Increase/Decrease in basis points*	*Effect on profit before tax US$ 000*
	+50	(12,500)
	-50	12,500

Foreign currency risk

Currency risk in respect of the Group is mitigated significantly via a policy of awarding contracts and purchase orders mainly in US$ or Omani Rials only. The Omani Rial is effectively pegged to the US$. Only in exceptional cases, based on a commercial evaluation, are contracts/purchase orders awarded denominated in other currencies and therefore are not considered to have significant impact on the Group.

Credit risk - Credit risk is the risk that counterparties might not fulfil their contractual payment obligations towards an entity.

The Group is exposed to credit risk in respect of its trade and other receivables, housing loans, due from related parties and bank balances. Credit risk is controlled as balances are regularly reviewed and, where necessary an appropriate recovery action is taken. The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. Such credit losses have historically been nominal and the loss allowance for trade and other receivables, housing loans, due from related parties is presented in Note 16, Note 13 and Note 19 respectively. Other financial assets consist of cash and cash at bank held with leading and reputed banks. (Note 11).

The expected credit loss in 2023 is US$ 17,152 (‘000) (2022: US$ 17,736 (‘000)), which represents 0.96% (2022: 0.73%) of all trade receivables, prepayments and related parties on account of crude oil and NAG sales. The increase in percentage compared with prior year is mainly due to changes in the macroeconomic environment.

Liquidity risk – This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management regularly monitors future liquidity requirements. Trade payables are normally settled within 30 to 45 days of receipt of invoice based on the contractual terms. The table below summarises the maturities of the Group’s undiscounted financial liabilities at each reporting date, based on contractual payment dates.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

25. Financial risk management objectives and policies (continued)

Contractual maturities of financial liabilities

	Up to one year US$ 000	***1-5 years US$ 000***	***More than 5 years US$ 000***	***Total contractu-al cash flows US$ 000***	***Carrying amount US$ 000***
31 December, 2023					
Trade payables	**392,523**	**-**	**-**	**392,523**	**392,523**
Trade payables and accruals (Note 24)	**32,501**	**-**	**-**	**32,501**	**32,501**
Accrued expenses	**660,043**	**-**	**-**	**660,043**	**660,043**
Other payables	**92,438**	**-**	**-**	**92,438**	**92,438**
Royalty payables	**714,755**	**-**	**-**	**714,755**	**714,755**
Due to related party	**66,303**	**73,254**	**93,413**	**232,970**	**172,976**
Loans and borrowings	**615,856**	**7,019,342**	**1,276,288**	**8,911,486**	**7,624,174**
Lease liabilities	**231,456**	**573,084**	**244,129**	**1,048,669**	**862,583**
Total	**2,805,875**	**7,665,680**	**1,613,830**	**12,085,385**	**10,551,993**

	Up to one year US$ 000	*1-5 years US$ 000*	*More than 5 years US$ 000*	*Total contractual cash flows US$ 000*	*Carrying amount US$ 000*
31 December, 2022					
Trade payables	334,343	-	-	334,343	334,343
Trade payables and accruals (Note 24)	50,066	-	-	50,066	50,066
Accrued expenses	626,324	-	-	626,324	626,324
Other payables	181,933	-	-	181,933	181,933
Royalty payables	781,139	-	-	781,139	781,139
Due to related party	98,324	-	-	98,324	98,324
Loans and borrowings	1,635,569	5,048,984	-	6,684,553	5,893,195
Lease liabilities	233,381	633,358	228,641	1,095,380	907,750
Total	3,941,079	5,682,342	228,641	9,852,062	8,873,074

26. Capital Commitments

	31-Dec-23 US$'000	*31-Dec-22 US$'000*
Future capital expenditure authorised by the Board of Directors of PDO and Gas Operations	**19,769,000**	21,156,280

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

26. Capital Commitments (continued)

Supply of crude oil barrels to the Government

The Government raised a loan of US$ 4 billion in the form of a Pre-Export Facility (PXF) through Yibal Export B.V. The facility was structured as a pre-export financing ("PXF"). Under the Fiscal Protocol, the Group transfers to the Government such barrels of Petroleum as may be required and notified by the Government to perform its obligations under a Forward Sale Arrangement ('FSA Barrels') to satisfy the requirements under the PXF. These FSA barrels are transferred at free of charge and on a 'first priority basis', that is, from the first barrels of Petroleum. The Government has the ownership rights of these FSA Barrels and is entitled to dispose of these barrels. The Group's obligations to transfer these FSA Barrels to the Government shall at all times take priority over other obligations. On 21 October 2022, Government's obligation under the PXF arrangement was settled in full. Further, the Group and the Government has agreed that from 21 October 2022, the Group is entitled to the FSA barrels and the settlement of the receivables (sale proceeds) and payables (royalty and taxes) on these FSA barrels would be done on net basis for the year ended on 31 December 2022. Since, the FSA barrels (21 October 2022 to 31 December 2022) were transferred to the Government and there is no other performance obligation pending for the Group to perform, the Group has recognised revenue on the FSA barrels. The Group and the Government has also agreed to consider the standalone selling price (monthly official selling price) as the transaction price for the FSA barrels (Note 19). From 1 January 2023, the Group does not have any obligations to transfer these FSA Barrels to the Government.

27. Income tax

The Group's obligation to pay current tax is defined in the Fiscal Protocol and shall be recurring in nature. The Group is liable to pay tax at an amount equal to fifty-five percent (55%) of its income chargeable to tax from 24 February 2021 for oil operations and from 06 May 2021 for NAG & condensate operations.

Since, the taxes were applicable only from FY 2021 year there is an opening non-deductible element arising on account of difference between accounting base (IFRS) and continuing tax base (as per concession agreement) of depreciation on property, plant, and equipment as the Group availed the initial recognition exception under IAS 12 - *'Income Taxes'*. Accordingly, the effective tax rate is expected to be significantly higher than the tax rate of 55% due to non-deductible element on initial recognition. The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income are:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Income taxes		
Current income tax expense	**(2,826,956)**	(2,742,854)
Deferred income tax expense relating to origination and reversal of temporary differences:		
Deferred tax asset	**426,026**	414,496
Deferred tax liabilities	**(1,389,548)**	(1,586,311)
Income tax expense recognised in consolidated statement of profit or loss	**(3,790,478)**	(3,914,669)

Tax liability amounting to US$ 140,516 ('000) is payable as of 31 December 2023 (31 December 2022: 49,973).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

27. Income tax (continued)

Reconciliation of income tax expense and the accounting profit multiplied by the domestic tax rate:

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Profit before tax	**4,487,541**	4,683,889
Income tax @ 55% on profit before tax	**2,468,148**	2,576,139
Tax impact of non-deductible expenses and tax-exempt revenue	**358,808**	166,715
Net deferred tax liability	**963,522**	1,171,815
Income tax expense recognised in consolidated statement of profit or loss	**3,790,478**	3,914,669

Reconciliation of effective tax rate:

Accounting profit before tax:	**4,487,541**	4,683,889
Tax using Company's statutory tax rate of 55% (2022: 55%)	**2,468,148**	2,576,139
Less: tax effect items which are taxed at a lower rate	**(3,024)**	(954)
Add: tax effect on permanent difference expenses in accordance with Fiscal Protocol	**225,156**	108,991
Add: tax effect of the unwinding of the permanent difference on IRE of PPE	**1,122,378**	1,252,790
Less: tax effect on special arrangement	**(24,999)**	(22,297)
Items not taxed (HDO)	**2,820**	-
At the effective income tax rate of 84% (2022: 83%)	**3,790,479**	3,914,669
Income tax expense reported in the statement of profit or loss	**3,790,479**	3,914,669

Deferred tax

Deferred tax related to items recognised in OCI during in the year

	31-Dec-23 ***US$'000***	*31-Dec-22* *US$'000*
Re-measurement of pension fund obligation	**(15,876)**	111,780
Deferred tax (asset) / liability recognised in OCI during in the year	**(15,876)**	111,780

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

27. Income tax (continued)

Deferred tax (continued)

Deferred tax relates to the following:

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	31-Dec-23	*31-Dec-22*	***31-Dec-23***	*31-Dec-22*
	US$'000	*US$'000*	***US$'000***	*US$'000*
Property, plant and equipment	**(3,522,882)**	(2,448,468)	**(1,074,414)**	(1,236,741)
Due to related parties (Due to OETC)	**35,151**	-	**35,151**	-
Abandonment asset	**(623,671)**	(379,096)	**(244,575)**	264,989
Abandonment provision	**1,747,083**	1,378,832	**368,251**	(165,791)
Right of use asset	**(427,820)**	(450,444)	**22,624**	149,508
Lease liability	**474,419**	496,679	**(22,260)**	(143,366)
Net retirement benefit assets	**(197,042)**	(132,866)	**(48,299)**	(40,414)
Net Deferred tax liability	**(2,514,762)**	(1,535,363)	**(963,522)**	(1,171,815)

28. New standards, interpretations and amendments issued but not yet effective

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

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

In September 2022, the IASB issued amendments to IFRS 16 to 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 are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments will not have a material impact on the Group's consolidated financial statements as the Group does not have have any sale and lease back transactions.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to 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, a requirement has been introduced to require disclosure 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 are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The amendments will not have a material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

28. New standards, interpretations and amendments issued but not yet effective (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: *Disclosures* to 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 consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments will not have a material impact on the Group's consolidated financial statements.

29. Comparative figures

Certain figures in the comparative financial information as at and for the year ended 31 December 2022 have been reclassified. These changes have been made to improve the quality of information presented and to conform with the presentation in the current year. Such reclassification does not affect previously reported profit or equity. The following previous year's figures are reclassified:

- 'Assets written-off and/ or disposed' amounting to US$ 34,475 ('000) for the year ended 31 December 2022 were originally presented under other expenses in the 2022 financial statements. In the comparative financial information for the year ended 31 December 2022, this amount was netted off against 'gains on disposal of property, plant, and equipment' under 'other operating income'.
- 'National objective investment' of US$ 4,834 ('000) as at 31 December 2022, have been reclassified to 'other current assets' and 'national objective liability' of US$ 6,997 ('000) as at 31 December 2022 have been reclassified to 'payables and accruals'.
- Assets and liabilities relating to Mabrouk North East (Block 10 & Block 11) were previously presented on a net basis. In the comparative financial information as at 31 December 2022 these assets and liabilities are presented on a gross basis. As at 31 December 2022, this change resulted in a corresponding additions to 'receivables and prepayments' by US$ 8,049 ('000), 'cash and bank balances' by US$ 21,502 ('000), 'due from related parties' by US$ 20,515 ('000) and 'payables and accruals' by US$ 50,066 ('000).
- In the consolidated statement of cash flows for the year ended 31 December 2022, net movements in royalties were presented as part of 'changes in payables and accruals' under 'working capital changes'. In the comparative financial statements for the year ended 31 December 2022, royalty expenses of US$ 7,397,206 ('000) are added back as an adjustment to profit before tax and royalty paid of US$ 7,160,642 ('000) are presented after 'working capital changes'. This change does not affect the 'net cash from operating activities'.

  Additionally, the impact of reclassification of Mabrouk North East (Block 10 & Block 11), as detailed above, has led to changes in 'net cash flows from operating activities'.

- In the comparative financial information for the year ended 31 December 2022, certain elements of 'staff costs' are reclassified within 'staff costs' under Note 10. Additionally, in 2023, medical expense reimbursements are included in staff costs, resulting in amendments to the comparatives for the year ended 31 December 2022.

30. Approval of the consolidated financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2024 and are signed on their behalf by the Chief Executive Officer and the Chief Financial Officer of Energy Development Oman SAOC on 22 February 2024.

Energy Development Oman SAOC ("EDO")
consolidated financial statements
for the year ended 31 December 2022

Energy Development Oman SAOC

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ENERGY DEVEOPMENT OMAN SAOC

Board of Directors report for the year ended 31 December 2022

Responsibilities of the Board of Directors for the Energy Development Oman ("EDO") Consolidated Financial Statements

The members of EDO Board hereby declare that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") present fairly, in all material respects, the consolidated financial position of EDO as at 31 December 2022 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and explanatory notes.

The Board of Directors of EDO have approved the information contained in the consolidated financial statements of EDO.

On behalf of the Board

Mazin Al Lamki
Chief Executive Officer
Energy Development Oman
26, February, 2023

Sultan Al Mamari
Chief Financial Officer
Energy Development Oman
26, February, 2023

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PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVEOPMENT OMAN SAOC

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Energy Development Oman SAOC (the "Company") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Those charged with governance and management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the relevant requirements of the Commercial Companies Law of 2019, as amended, and for such internal control as those charged with governance determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVEOPMENT OMAN SAOC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ENERGY DEVEOPMENT OMAN SAOC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

- we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- the Group has maintained accounting records and the consolidated financial statements are in agreement therewith;
- the Group has carried out physical verification of inventories;
- the financial information included in the Board of Directors' report is consistent with the books of accounts of the Group; and
- based on the information that has been made available to us, nothing has come to our attention, which causes us to believe that the Group has contravened, during the year ended 31 December 2022, any of the applicable provisions of the Commercial Companies Law of 2019 or its Articles of Association, which would materially affect the financial performance of the Group for the year ended 31 December 2022 or its financial position as at 31 December 2022.

Ernst & Young LLC

Mohamed Al Qurashi
30 March 2023
Muscat

ارنست ويونغ ش م م
س.ت: ١٢٢٤٠١٣
ص.ب: ١٧٥٠ روي - ١١٢، سلطنة عمان
ERNST & YOUNG LLC
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Energy Development Oman SAOC
Consolidated statement of profit or loss and other comprehensive income
For the year ended

	Note	31 Dec 2022 US$ 000	31 Dec 2021 US$ 000
Revenue	4	**17,281,524**	11,532,298
Other operating income	5.a	**227,931**	45,192
Finance income	5.d	**2,385**	7,812
Total revenues and other income		**17,511,840**	11,585,302
Production expenses	7	**(1,412,711)**	(895,198)
Royalty expenses	8	**(7,397,206)**	(3,080,869)
Depreciation, depletion and amortisation	6	**(3,567,022)**	(3,217,626)
Selling and distribution expenses	9	**-**	(74,106)
Other expenses	5.b	**(54,407)**	(45,835)
Profit before interest and tax		**5,080,494**	4,271,668
Finance costs	5.c	**(396,605)**	(211,896)
Profit before tax		**4,683,889**	4,059,772
Income tax expenses			
Income tax expenses	30	**(3,914,669)**	(1,418,893)
Profit for the year		**769,220**	2,640,879
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of pension fund obligation	25	**(91,457)**	(155,404)
Total comprehensive income for the year		**677,763**	2,485,475

The attached notes 1 to 32 form part of these consolidated financial statements

Energy Development Oman SAOC
Consolidated statement of financial position
As at 31 December

	Note	31 Dec 2022 US$ 000	31 Dec 2021 US$ 000
Non-current assets			
Property, plant, and equipment	11a	22,898,658	23,358,520
Right-of-use assets	11b	823,721	1,090,820
Net retirement benefit assets	25	241,575	371,332
Receivables and prepayments	17	18,593	21,517
Housing loans	14	9,357	10,678
Other non-current assets		4,623	5,289
Total of non-current assets		23,996,527	24,858,156
Current assets			
Inventories	16	413,470	484,654
National objective investment	23	4,834	26,994
Receivables and prepayments	17	97,306	139,102
Due from related parties	21	2,282,035	1,584,388
Housing loans	14	2,804	2,116
Cash and bank balances	12	227,901	340,780
Total of current assets		3,028,350	2,578,034
Assets held for sale	27	52,315	724,859
Total assets		27,077,192	28,161,049
Equity			
Share capital	13	1,300	1,300
Retained earnings		14,086,975	18,757,909
Total equity		14,088,275	18,759,209
Non-current liabilities			
Provision for staff end-of-service and other retirement benefits	26	11,962	16,463
Lease liabilities	22	681,110	916,193
Abandonment provision	24	2,506,968	2,808,406
Deferred tax liabilities	30	1,535,363	475,328
Loans and borrowings	20	4,447,903	2,468,454
Total of non-current liabilities		9,183,306	6,684,844
Current liabilities			
Loans and borrowings	20	1,445,292	-
Payables and accruals	19	1,926,070	1,537,909
Tax payables		49,973	82,081
Due to related parties	21	98,324	95,816
Lease liabilities	22	226,640	247,526
National objective liability	23	6,997	28,805
Total of current liabilities		3,753,296	1,992,137
Liabilities associated with assets held for sale	27	52,315	724,859
Total liabilities		12,988,917	9,401,840
Total equity and liabilities		27,077,192	28,161,049

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 February 2023 and are signed on their behalf by the Chief Executive Officer and the Chief Financial Officer of Energy Development Oman SAOC on 30 March 2023:

Mazin Al Lamki
Chief Executive Officer
Energy Development Oman SAOC

Sultan Al Mamari
Chief Financial Officer
Energy Development Oman SAOC

The attached notes 1 to 32 form part of these consolidated financial statements.

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ENERGY DEVELOPMENT OMAN S.A.O.C.

Energy Development Oman SAOC
Consolidated statement of changes in equity
For the year ended 31 December

	Note	Invested capital US$ 000	Share capital US$ 000	Retained earnings US$ 000	Total Equity US$ 000
Balance at 1 January 2022		**-**	**1,300**	**18,757,909**	**18,759,209**
Profit for the year		-	**-**	**769,220**	**769,220**
Other comprehensive income - Re-measurement of pension fund obligation	***25***	-	**-**	**(91,457)**	**(91,457)**
Total comprehensive income		-	**-**	**677,763**	**677,763**
Interim dividend	***21***	-	**-**	**(5,308,158)**	**(5,308,158)**
Distribution of assets in specie	***21***	-	**-**	**(40,539)**	**(40,539)**
At 31 December 2022		-	**1,300**	**14,086,975**	**14,088,275**
Balance at 1 January 2021		22,070,603	-	-	22,070,603
Net distribution to Government transferred to retained earnings	*18*	(1,477,493)	-	-	(1,477,493)
Distribution under PXF arrangement		(152,190)	-	-	(152,190)
Adjustments to give effect to Royal Decree and Fiscal Protocol	*1.2*	(1,725,345)	-	-	(1,725,345)
Transferred to Retained earnings as on the date of Royal Decree		(18,715,575)	-	18,715,575	-
Profit for the year		-	-	2,640,879	2,640,879
Other comprehensive income - Re-measurement of pension fund obligation	*25*	-		(155,404)	(155,404)
Total comprehensive income		-	-	2,485,475	2,485,475
Issue of share capital	*13*	-	1,300	-	1,300
Dividend paid	*21*	-	-	(2,410,668)	(2,410,668)
Distribution of assets in specie from the date of application of Fiscal Protocol	*21*	-	-	(32,473)	(32,473)
At 31 December 2021		-	1,300	18,757,909	18,759,209

The attached notes 1 to 32 form part of these consolidated financial statements

Energy Development Oman SAOC
Consolidated statement of cash flows

For the year ended

	Note	31 Dec 2022 US$ 000	31 Dec 2021 US$ 000
Operating activities:			
Profit before tax		**4,683,889**	4,059,772
Adjustments for:			
Pension scheme costs	***25***	**75,445**	61,115
Depreciation, depletion, and amortisation	***6***	**3,498,355**	3,133,251
Depreciation on right-of-use assets	***6***	**68,667**	84,375
Assets written-off during the year	***11a, 5.b***	**34,475**	29,391
Gain on changes in abandonment estimates	***24***	**(92,627)**	(10,361)
Gain on disposals of property, plant, and equipment	***5.a***	**(55,445)**	(12,000)
Finance income	***5.d***	**(2,385)**	(7,812)
Finance cost	***5.c***	**396,605**	211,896
Contribution towards Omani staff pension scheme	***25***	**(148,925)**	(143,324)
Net movement in National objective investments		**22,160**	(26,989)
Net movement in employee's end of service and other retirement benefits		**(4,501)**	(4,670)
		8,475,713	7,374,644
Working capital changes:			
Changes in inventories		**71,184**	(151,379)
Changes in receivables and prepayments		**44,720**	(149,008)
Changes in amounts due from related parties		**(1,218,371)**	(1,722,373)
Changes in payables and accruals		**305,925**	464,583
Changes in amounts due to related parties		**2,508**	21,739
Changes in National objective liability		**(21,808)**	24,268
		7,659,871	5,862,474
Income tax paid		**(2,488,562)**	(977,254)
Cost associated with distribution of assets in specie		**(40,539)**	(32,473)
Net cash from operating activities		**5,130,770**	4,852,747
Investing activities:			
Acquisition of property, plant, and equipment		**(3,110,772)**	(2,888,280)
Expenditure on exploration and evaluation assets	***11a***	**(183,629)**	(169,025)
Proceeds from disposal of property, plant, and equipment		**55,445**	12,000
Finance income	***5.d***	**2,385**	7,812
Net movement in housing loans and other non-current assets		**1,299**	124,495
Net cash used in investing activities		**(3,235,272)**	(2,912,998)
Financing activities:			
Loan received	***20***	**-**	2,468,454
Share capital raised during the year		**-**	1,300
Dividend paid	***21***	**(1,655,268)**	(2,283,000)
Net distribution to the Government	***18***	**-**	(1,477,493)
Finance cost		**(109,758)**	(25,148)
Payment of principal portion of lease liabilities		**(193,257)**	(219,655)
Interest paid on lease liabilities	***22***	**(50,094)**	(64,695)
Net cash used in financing activities		**(2,008,377)**	(1,600,237)
(Decrease) increase in cash and bank balances		**(112,879)**	339,512
Cash and bank balances at beginning of the year	***12***	**340,780**	1,268
Cash and bank balances at end of year	***12***	**227,901**	340,780

For details of non-cash transactions refer note 11a, 11b, 21, 22, 24 and 27

The attached notes 1 to 32 form part of these consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC

1. Background and Basis of preparation

1.1 Background

Formation of EDO

Energy Development Oman SAOC ("EDO" or the "Company") was established on 3 December 2020 in the Sultanate of Oman. EDO was registered on 24 December 2020 through Royal Decree as a 100% owned subsidiary of the Government of the Sultanate of Oman (the "Government"). Further, the Company has incorporated a sole proprietor company, Hydrogen Oman SPC ("HDO") on 13 June 2022 having commercial registration certificate number 1428787. The objective of this subsidiary company is to structure and accelerate the development of the green hydrogen sector in Oman. The Company together with its subsidiary (hereinafter referred to as 'the Group') has presence primarily in Oman.

The Group has taken over the participating rights/interest of the Oil and Gas Operations of Block 6 from the Ministry of Energy and Minerals (the "MoEM"). Block 6 is the Sultanate's largest and significant oil and gas operation and covers a geographic area of approximately 90,000 square km., which includes a substantial part of the Oman Mountain Fold belt and Rub al Khali basins, including the Ghaba and Fahud salt basins.

The MoEM's 60% interest in Petroleum Development Oman LLC ("PDO"), a limited liability company registered in the Sultanate of Oman in accordance with the Commercial Companies Law, as amended, and 100% interest in Gas Operations were transferred to the Group on 24 February 2021 and 6 May 2021, respectively (also referred to as the "Royal Decree"). Gas Operations are managed by PDO.

PDO is responsible for the following activities:

i. undertaking all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, transportation, storage, and delivery of crude oil in accordance with the terms of an "Oil Concession Agreement" (see below) for Block 6 (the "Oil Operations"); and

ii. undertaking all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, and transportation of NAG in accordance with the terms of "Gas Agreements" (see below) between the Government and PDO (the "Gas Operations").

Under the Fiscal Protocol (defined on page 11 of these consolidated financial statements), which applies to the Group's share of crude oil and gas production, including the applicability of royalties and taxes under the pre-existing Block 6 Oil Concession agreement, various additional agreements have been entered into between the Government and the Group. The agreements define the fiscal terms applicable to the Group's revenue from the Block 6 Operations (defined on page 11 of these consolidated financial statements). The key agreements entered between the Government and the Group are as follows:

- the Block 6 Gas Concession Agreement which applies to NAG and condensate, including its related taxes
- the Oman Export Blend sale and purchase agreement; and
- the Natural gas sales agreement
- Fiscal Protocol
- Shareholder's bridge facility agreement

Oil Concession Agreement

The Government and Private Oil Holdings Oman Limited ("POHOL") had entered into an Oil Concession Agreement for Block 6 effective 1 January 2005 and expiring on 31 December 2044. Under this agreement, PDO operated as a cost centre, wherein all costs related to the Block 6 oil operations were incurred. PDO had no entitlement to proceeds from crude oil. The property, plant and equipment ("PPE") relating to the Oil Operations were recognised in the books of PDO. The investment in PPE, operational costs and other costs were funded 60% by the Government and 40% by POHOL as shareholders' contributions. The Oil Concession Agreement includes the right to use associated gas, which was internally consumed by PDO as part of the production process relating to the Oil Operations.

The Government has novated the Oil Concession Agreement in favour of the Group effective 24 February 2021.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

1. Background and Basis of preparation (continued)

1.1 Background (continued)

Formation of EDO (continued)

Gas Agreements and Gas Concession Agreements

In the capacity of the manager of the Gas Operations, PDO undertook all projects, operations, and activities directly or indirectly related to the exploration, development, extraction, and transportation of NAG in accordance with the directions of the Government. PDO had no entitlement to the proceeds from the sale of NAG. The gas sales agreements were entered into by the MoEM with the end customers. PDO had no ownership of the PPE relating to the Gas Operations. The investment in PPE, operational costs and other costs were fully funded by the Government.

The Government has granted the Group the rights to explore, search and drill for, produce, develop and sell NAG and Condensate in the Gas Concession Area in accordance with the terms of this Gas Concession Agreement effective 6 May 2021 and expiring on 31 December 2044. By virtue of this Gas Concession Agreement, the Group has exclusive ownership of all NAG at the point of gas production, exclusive ownership of condensate, and exclusive ownership of all gas assets, in accordance with the terms of this Gas Concession Agreement.

Oman Export Blend Sale and Purchase Agreement

The Group has entered into an agreement with the Government for the sale of 'Oman Export Blend' crude oil (OEB). Under the terms of this agreement, the Group shall sell its share of crude oil and condensate production to the MoEM or designated MoEM customers at the Mina Al Fahal ("MAF") terminal or at the designated delivery point. The MoEM maintains all the contracts with the end customers. The sale price for OEB is set out in the relevant oil sales agreement between the MoEM and the MoEM's customers. The Group will deliver the OEB to the relevant MoEM customer at the vessel's permanent manifold flange connection.

Natural Gas Sales Agreement

The Group has entered into an agreement with the Government to sell its entire NAG production to the Government at agreed fixed prices for the first 5 years of the agreement as determined in the agreement effective 6 May 2021. The agreed fixed price (per MMBTU) for 2021, 2022, 2023, 2024 and 2025 is US$ 2.51, US$ 2.59, US$ 2.69, US$ 2.77 and US$ 2.89 respectively. Post the first 5 years, annual prices shall be determined for each subsequent 5 year period according to a blended transfer price calculation methodology, as defined in the agreement.

Fiscal Protocol

The Group has entered into an agreement with the government to determine the provisions applicable to the Group in capacity of a participant under the Block 6 Concession Agreement. This agreement also elaborates royalties and taxes applicable to the Group.

Shareholder's bridge facility agreement

The Group's funding policy requires Block 6 capital costs to be funded (i) through debt up to the debt capacity of FFO/ Debt of 45%, and (ii) the remaining balance of the Block 6 capital cost through Block 6 revenue.

The Group ("Borrower") entered into a shareholder bridge facility agreement ("Shareholder Loan Agreement" or "the bridge facility") with The Government of the Sultanate of Oman represented by the Ministry of Finance ("Government" or "Lender"). Under this agreement, Government makes available to the Group a finance facility. Any amounts drawn down pursuant to the Bridge Facility may be effected by way of cash funds transfer or through Offsets (Offsets means any Bridge Loan or part thereof which, rather than being paid by way of a funds transfer, is satisfied / paid by way of making an adjustment / offset agreed by the Parties against funds payable by the Borrower to the Lender).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

1. Background and Basis of preparation (continued)

1.1 Background (continued)

Formation of EDO (continued)

The Block 6 Operations

The Oil and Gas Operations of Block 6 (the "Block 6 Operations") were conducted by the MoEM, the Ministry of Finance (the "MOF") and PDO. PDO was a joint operation between the MoEM (60%) and Private Oil Holdings Oman Limited ("POHOL") (40%).

The Block 6 Operations did not have a separate legal entity or group of entities. The Government and the MoEM believed that the Oil & Gas Operations of Block 6 meets the definition of a reporting entity under the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), considering the revised Conceptual Framework for Financial

Reporting (Conceptual Framework) issued in March 2018 by the International Financial Reporting Interpretations Committee ("IFRIC"). The Block 6 Operations represented a circumscribed area of economic activities whose financial information has the potential to be useful to existing and prospective investors, lenders and other creditors.

1.2 Basis of Preparation

The Group's consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS as issued by the IASB. The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, unless otherwise indicated.

The Group's consolidated financial statements for the year ended 31 December 2021 were the first set of financial statements of the Group after its formation. Although the Group was in existence from 24 December 2020, it effectively started operations from the date when the Oil concession was novated, i.e., 24 February 2021. Following the acquisition of Oil and Gas Operations respectively, the combining entities or businesses continued to be ultimately controlled by the Government, and the control was not transitory.

Acquisition of Operations – Business Combination Under Common Control ("BCUCC")

The transfer of the interest in the Oil Concession Agreement and the grant of the Gas Concession Agreement are acquisitions of business under common control. IFRS does not prescribe any specific guidance on BCUCC. Management, therefore, has used judgement in developing an accounting policy that provides relevant and reliable information in accordance with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* and applied by analogy the guidance relating to BCUCC as part of Appendix B of IFRS 3 – *Business Combination*. The Group has opted to retroactively account for the "Block 6 Operations" from 1 January 2021 to reflect that the operations were always combined. The Group has elected to adopt book value method to account for acquisition of the Oil and Gas operations at PDO and Gas Operation's book values.

The Group has replaced the Government Participant in the "Oil Concession Agreement" and "Gas Agreements" for Block 6. The Group's consolidated financial statements includes the following:

- PDO as a joint operation, proportionately accounting for 60% of its assets, liabilities, and expenses of the PDO crude oil operations;
- 100% of the Gas Operations; and
- The Group's consolidated operations with respect to the revenues associated with the sale of crude oil, condensate and NAG and the operational costs.

Accordingly, the Group's consolidated financial statements for the year ended 31 December 2022 contains the full year operations for the comparative year, as if the different businesses were always combined. The initial months for the comparative year (1 January 2021 up to 23 February 2021 for Oil Operations and 1 January 2021 up to 5 May 2021 for Gas Operations) are based on the principles of the combined and carve-out financial statements of the Block 6 Operations for the Oil and Gas Operations. All terms of the key agreements relevant to the Group are applicable from the effective date of Oil and Gas agreements in the consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

1. Background and Basis of preparation (continued)

1.2 Basis of Preparation (continued)

Adjustments to give effect to Royal Decree and Fiscal Protocol

On the date of transfer of each of the businesses i.e., 24 February 2021 for Oil Operations and 6 May 2021 for Gas Operations, the following adjustments were made in these consolidated financial statements:

- ***Account receivable***

All receivables as at 23 February 2021 relating to crude oil and as at 5 May 2021 relating to NAG and condensate are adjusted against Invested capital for the Block 6 Operations as the receivables are not transferred to the Group on acquisition.

- ***Finance receivable***

The finance receivables as at 5 May 2021 are adjusted against Invested capital for the Block 6 Operations as the receivables are not transferred to the Group on acquisition.

- ***Transportation cost payables***

The transportation costs payable as at 5 May 2021 are adjusted against Invested capital for the Block 6 Operations as these payables are not transferred to the Group on acquisition.

- ***Retained earnings***

Invested capital for Block 6 Operations (Oil Operations as of 24 February 2021; Gas Operations as of 6 May 2021) is transferred to the Group and is recorded as “Retained Earnings” in the consolidated financial statements of the Group.

- ***Deferred tax***

Opening deferred tax asset/ liability arising due to the timing difference between accounting base and tax base for abandonment asset and abandonment provisions and, the right-of-use assets and lease liabilities are recognized on the transfer of oil and gas business. Deferred tax liability is not recognized with respect to the timing difference between accounting base and tax base on property, plant and equipment as the Group has availed the initial recognition exemption under IAS 12 – *Income Taxes.*

The below table implies the impact of transfer of each of the businesses i.e., 24 February 2021 for Oil Operations and 6 May 2021 for Gas Operations, for the above adjustments:

	US$ 000
Adjustments to give effect to Royal Decree and Fiscal Protocol	
Trade receivables	(1,499,609)
Finance receivable	(278,125)
Transportation cost payables	52,389
Total	**(1,725,345)**

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

1. Background and Basis of preparation (continued)

1.3 Basis of recognition of certain key financial statement elements

1.3.1 Key Post-Acquisition adjustments

Certain assets and liabilities are accounted post the date of transfer of each of the businesses, i.e., 24 February 2021 for Oil Operations and 06 May 2021 for Gas Operations, based on the following principles as detailed below:

Consolidated statement of financial position

- ***Inventory***

Crude oil inventory held at the interior tanks and MAF tanks is recognised as 60% (the participating interest in PDO) of the total crude oil inventory of Block 6. The inventory held in MAF tanks is adjusted by the volumes over-lifted / under-lifted between the Group and POHOL, based on the Group's entitlement in Block 6. Further, the inventory held in MAF tanks is adjusted by the volumes over-lifted/under-lifted between the Group and the MoEM's share in other Blocks.

- ***Reserves***

The crude oil reserves as estimated by the management of PDO, are revised to give effect of the impact of royalties on the crude oil reserves. Further, the NAG reserves and condensate as estimated by the management of Gas Operations, are revised based on the applicability of the Gas concession Agreement, the Natural Gas Sales Agreement and to give effect of the impact of royalties on the condensate reserves.

The determination of the Group's reserves requires significant degree of estimates and assumptions to be applied. Management estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates on an annual basis.

The management determined its commercial reserves for year ended 31 December 2022 based on the estimates of 31 December 2022 after considering technical additions in 2022. For the year ended 31 December 2021 same approach was followed by the management.

Consolidated statement of profit or loss and other comprehensive income

Revenue and certain expenses are accounted post the date of transfer of each of the businesses i.e., 24 February 2021 for Oil Operations and 06 May 2021 for Gas Operations, based on the following principles as detailed below:

- ***Revenue***

Revenue from sale of crude oil

The Group has entered into Oman Export Blend Sale and Purchase Agreement with the MoEM and sells its share of crude oil production to the MoEM, or designated customers at the price set out in agreements between the MoEM and the MoEM's customers and agreed with the Group. Crude oil sold by the Group from 24 February 2021 is considered as revenue in the consolidated financial statements of the Group.

Revenue from sale of NAG

The Natural Gas Sales agreement is entered into by the Group with the MoEM on 6 May 2021, whereby the Group sells the entire NAG production to the MoEM at fixed annual transfer prices, determined for each 5 year period. NAG sold by the Group from 6 May 2021 is considered as revenue in the consolidated financial statements of the Group.

Revenue from sale of condensate

The Group has entered into Oman Export Blend Sale and Purchase Agreement with the Government to sells its share of condensate production to the MoEM or designated customers at the price set out in agreements between the MoEM and the MoEM's customers. Condensate sold by the Group from 06 May 2021 is considered as revenue in the consolidated financial statements of the Group.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

1. Background and Basis of preparation (continued)

1.3 Basis of recognition of certain key financial statement elements (continued)

1.3.1 Key Post-Acquisition adjustments (continued)

- ***Royalty***

The Group pays royalties on a weekly basis to the Government based on the Group's monthly revenue from the sale of crude oil and condensate calculated by applying the Oman export blend crude oil price (MOG Prices) for the nominated month of lifting times the number of barrels of crude oil and condensate taken by the Group at the petroleum delivery point in such month after deduction of the Government's obligation under the Forward Sale Arrangement. Royalty percentage is determined based on a progressive MOG Prices for the applicable month of lifting as stipulated in the Fiscal Protocol. Royalty expense from 24 February 2021 is accounted for crude oil and from 6 May 2021 is accounted for condensate in these consolidated financial statements.

- ***Income tax***

The Group pays tax, to the Government, on its income derived from its activities pursuant to the Oil and Gas Concession Agreements in accordance with the Income Tax Law. Such income tax is an amount equal to fifty-five percent (55%) of its income chargeable to tax (taxable income) for such year. Income tax expense from 24 February 2021 is accounted for crude oil and from 6 May 2021 is accounted for NAG & condensate in these consolidated financial statements.

2. Significant judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and/or liabilities in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

(a) Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant impact on the amounts recognised in the Group's consolidated financial statements.

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

At inception of the contract with customers, the Group assesses the performance obligations embedded in the contracts. Based on the assessment, the Group has concluded that there is generally only one performance obligation with respect to the sale of crude oil, condensate and NAG respectively. There are no other performance obligations or benefits derived by the customers from the contracts.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(a) Judgments (continued)

Revenue from contracts with customers (continued)

Determining method to estimate variable consideration and assessing the constraint

The contracts for the sale of goods may include a right of return and/or discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. However, considering the historical experience on returns and discounts, which were not significant, the Group has not recognised a refund liability and right to recover/return assets.

Determining the timing of satisfaction of performance obligation

The Group recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good to customers. An asset is transferred when (or as) the customer obtains control of that asset, which is upon delivery of goods. Under the terms of existing contracts, the Group has determined that shipping or transportation services are not being provided to the customers, and the only performance obligation is sale of crude oil and petroleum products.

Determining transaction price and allocation

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer. Since sale of crude oil, condensate and NAG is the only performance obligation, the entire transaction price is allocated to sale of the product respectively.

Principal versus agent considerations

The Group enters into contracts with its customers for supply of crude oil, condensate and NAG. The Group determined that it controls the goods before they are transferred to customers, and it has the ability to direct the use of goods or obtain benefits from the goods. The following factors indicate that the Group controls the goods before they are being transferred to customers. Therefore, the Group determined that it is a principal in all its revenue arrangements.

- The Group is primarily responsible for fulfilling the promise to provide the specified goods.
- The Group has inventory risk before the specified goods have been transferred to the customers.
- The Group has discretion in establishing the price for the specified goods.

Consideration of significant financing component in a contract

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that goods will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods to the customer.

Determining the lease term of contracts with renewal and termination options – The Group as lessee

Management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(a) Judgements (continued)

Determining the lease term of contracts with renewal and termination options – The Group as lessee (continued)

reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Management included the renewal period as part of the lease term for leases of rigs, hoists, facilities, well service units, vehicles and cargo haulage equipment with a shorter non-cancellable period of 1-2 years. The Group typically exercises its option to renew these leases because based on the previous experience and the future intention of the management to continue, there is a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of certain production facilities, for example rigs, hoists, vehicles and well service units with longer non-cancellable lease periods (i.e., >5 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Management has considered and evaluated the following factors before determining not to embrace the extension options beyond the original term:

- management's long-term strategy is to re-tender rig contracts and move towards mechanised rigs wherever possible.
- the economic benefit for continuing with the same supplier (same lease) is not proven, hence it is not reasonably certain to exercise the extension option, due to the fact that there are competitors in the market who are expected to offer competitive prices. which may result in a retendering process.
- the expected changes in technologies in the ensuing five years.
- New technologies in the market and strategic studies would reassess the economic feasibility of leases.

With reference to certain drilling equipment, hub offices, electronic equipment and certain equipment relating to rigs and hoists, these contracts are less than 12 months at the transition date and the management is of the view that most of the extension options may not be exercised. The Group could replace these assets without significant cost or business disruption. Therefore, these have not been included in the lease liabilities.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Identification of non-lease components

In addition to containing a lease, the Group's service arrangement involves additional services, including personnel cost, maintenance, production related activities and other items. These are considered to be non-lease components and the Group has decided to separate these from the lease components. Judgement is required to identify these. The consideration in the contract is then allocated between the lease and non-lease components on a relative stand-alone price basis. This requires the Group to estimate stand-alone prices for each lease and non-lease component.

Accounting for leases and joint operations

Where the Group participates in a joint operation, determining whether to recognise and whether to measure a lease obligation involves judgement and requires identification of which entity has primary responsibility for the lease obligations entered into in relation to the joint operation's activities. Where the joint operation (including all parties to that arrangement) has the right to control the use of the identified asset and all parties have a legal obligation to make payments to the third-party supplier, each joint operation participant would recognise its proportionate share of the lease-related balances. This assessment would be based on the terms and conditions of each arrangement. The Group does not have any direct primary legal obligation to pay the third-party suppliers for the lease payments. Therefore, the Group has recognised only its share of lease liabilities, in addition to its share of right of use assets.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(a) Judgements (continued)

Identifying in-substance fixed rates versus variable lease payments

The lease payments used to calculate the lease-related balances under IFRS 16 include fixed payments, in- substance fixed payments and variable payments based on an index or rate. Variable payments not based on an index or rate are excluded from the measurement of lease liabilities and related assets. For some of the Group's drilling rig contracts, in addition to the fixed payments, there are payments that are contractually described as variable but are in-substance fixed payments because the contract terms require the payment of a fixed amount that is unavoidable. The payments are expressed as a rate paid for each operating day, hour or fraction of an hour and can change depending on when and how the asset is being used. Therefore, the management has had to apply judgement to identify in-substance fixed payments included in the lease payments used to calculate the lease-related balances. Other payments identified as variable, not based on an index or rate, are excluded from recognition and measurement of the lease related balances. Management has assessed that while there is variability in the pricing, there is a minimum rate which is considered to be the lowest rate that it would pay while the asset is available for its use, which is the standby or cold-stack rate. The major maintenance and inclement weather rates do not represent the minimum as these are only payable when the asset is not available for use. The additional full operating rates represent variable lease payments.

Functional currency

The functional currency for the Group, is the currency of the primary economic environment in which the Group operates. The functional currency of the Group is the US dollar (US$). Determination of functional currency may involve certain judgements to identify the primary economic environment in which the Group operates. This includes consideration of the currency which influences sales prices, the country whose competitive forces and regulations mainly determine the sale price of its goods, and the currency which influences the labour, materials, and other costs of providing goods or services differ.

Management considers US$ to be, the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. US$ is the currency in which the Group measures its performance and reports its results, as well as the currency in which it receives funds from the MoEM.

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements have been prepared on the going concern basis.

Exploration and evaluation expenditure

The application of the the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates have a direct impact on when the Group defers exploration and evaluation expenditure.

Allocation of expenses

For purposes of presenting the consolidated financial statements, allocations were required to determine certain costs and administrative activities performed by the MoEM, attributable to the Group. Management has identified staff costs relating to the following functions that are required to be allocated to the Group. These functions include sales and marketing, strategy and planning, finance and treasury, legal and compliance and audit. Assessing and identifying the relevant functions and associated expenses that are required to be attributed to the Group requires a reasonable degree of judgement.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(a) Judgements (continued)

Assessment of contingencies and claims

The Group is subject to claims and actions for which no provisions have been recognised. The facts and circumstances relating to particular cases are evaluated regularly in determining whether a provision relating to a specific litigation should be recognised or revised. Accordingly, significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

(b) Estimates and assumptions

The preparation of the consolidated financial statements, in conformity with IFRS, requires that the management make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Proved hydrocarbon reserve and resource estimates

The determination of the Group's reserves requires significant degree of estimates and assumptions to be applied. Hydrocarbon reserves are estimates of the measure of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties.

Management estimates the hydrocarbon reserves according to the Code of Practice for Hydrocarbon Resource Volume Classification, Estimation and Reporting; CP-186. In relation to proven reserves, the Group complies with rules set by the Security and Exchange Commission (SEC) (except for the calculation of NAG prices, which is based on the management's internal estimate). Management complies with the principles contained in the Petroleum Resources Management Reporting System (PRMS) framework as issued by the Society of Petroleum Engineers (SPE). The Group's resources classification is set in conjunction with the industrial standard petroleum resource classification.

Management estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial 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 that are attributable to private shareholders as per the concession agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. These are regularly reviewed and updated.

Future commodity price assumptions tend to be stable because management does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. Expected production volumes, which comprise proved reserves, are used for the depreciation calculation of production wells and facilities. As discussed above, hydrocarbon reserves estimates are inherently imprecise. For 2022, the long-term Brent oil price assumption used in the estimation of commercial reserves is US$ 96.19 /bbl. (2021: US$ 63.5 /bbl.). For 2022, long-term gas price assumption used in the estimation of commercial reserves is US$ 2.59 /btu (2021: US$ 2.51 /btu).

As the economic assumptions used may change and as additional geological information is obtained during the operation of a cluster, estimates of recoverable reserves may change. Such changes may impact the Group's reported consolidated financial position and results, which include:

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Proved hydrocarbon reserve and resource estimates (continued)

As the economic assumptions used may change and as additional geological information is obtained during the operation of a cluster, estimates of recoverable reserves may change. Such changes may impact the Group's reported consolidated financial position and results, which include:

- The carrying value of property, plant and equipment due to changes in estimated future cash flows and depreciation.
- Depreciation, depletion and amortisation charges in the consolidated statement of profit or loss and other comprehensive income may change where such charges are determined using the Unit of Production (UOP) method, or where the useful life of the related assets change.
- Provisions for decommissioning may require revision — where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities.

Depreciation, depletion and amortisation (Unit-Of-Production (UOP) method)

Property, plant and equipment related to hydrocarbon production activities are depreciated on a unit-of-production basis over the proved developed oil and gas reserves of the cluster concerned, other than assets whose useful lives differ from the lifetime of the cluster which are depreciated applying the straight-line method. This results in a depreciation charge proportional to the depletion of the anticipated remaining production from the cluster. For the purpose of proved developed reserves, management uses the SEC-mandated yearly average oil prices and management's estimate of the fixed gas prices. Yearly average oil prices and the fixed gas prices are applied in the determination of proved reserves. Estimates of proved reserves are inherently imprecise, require the application of judgement and are subject to regular revision, either upward or downward, based on new information including details relating to the drilling of additional wells, the observation of long-term reservoir performance under producing conditions and the changes in economic factors, including commodity prices, unforeseen operational issues, contract terms, legislation or development plans.
Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of production assets. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the cluster at which the asset is located. The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change.

Development, exploration and evaluation expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including services are capitalised within property, plant and equipment and is depreciated from the commencement of production. The capitalisation policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Cost incurred on unsuccessful development or delineation wells are written-off.

Significant estimates and assumptions are required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory type stratigraphic test wells on the balance sheet. This includes costs relating to exploration, seismic evaluation, geological and geophysical or other related costs. It is not unusual to have such costs being capitalised on the balance sheet while additional appraisal drilling and seismic work on the potential oil and natural gas cluster is performed or while the optimum development plans and timing are established. However, these seismic costs are part of the cluster that are producing developed petroleum resources.

The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. These costs are incurred on the producing clusters and therefore, management estimates that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The carrying amount of capitalised costs are included as part of property, plant and equipment under producing assets.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Decommissioning (abandonment provision)

Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques or experience at other production sites. The discount rate used for computing the abandonment provision for the year ended 31 December 2022 is 7.26%. (7.15% - 31 December 2021) which is based on long-dated Oman government bonds.

The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

External valuers may be used to assist with the assessment of future decommissioning costs. The involvement of external valuers is determined on a case-by-case basis, taking into account factors such as the expected gross cost or timing of abandonment. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The provision at the reporting date represents management's best estimate of the present value of the future decommissioning costs required. A +0.5% change in the nominal discount rate could reduce the Group's provisions by approximately US$ 161,525 ('000) (2021: US$ (184,095) ('000)). A -0.5% change in the nominal discount rate could increase the Group's provisions by approximately US$ 174,938 ('000) (2021: US$ 200,429 ('000)). A two-year change in the timing of expected future decommissioning expenditures does not have a material impact on the value of the Group's decommissioning provision. Management does not consider a change of greater than two years to be reasonably possible either in the next financial year or as a result of changes in the longer-term economic environment.

Provision for expected credit losses of financial assets

Trade receivables

For trade receivables, management applies a simplified approach in calculating ECLs. Therefore, management does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Group have established a default rates that is based on its historical credit loss experience as adjusted for forward-looking factors. For instance, if forecast economic conditions (i.e., gross, domestic product, movements in crude oil price) are expected to deteriorate over the next year which can lead to an increased number of defaults amongst the Group's customers, the historical default rates are adjusted. In some cases, with respect to NAG receivables, delays in the payments were identified to be for reasons other than related to credit risk. Hence, for such receivables, ECL was continued to be calculated using the same historical default rates.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group' historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Due from related parties, other receivables and other assets

For these categories of assets, management applies a general approach in calculating ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition,

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Provision for expected credit losses of financial assets (continued)

Due from related parties, other receivables and other assets (continued)

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The areas requiring significant judgment related to the valuation of inventories include estimating the shrinkage that has occurred between physical inventory counts. These judgments and estimates, under certain circumstances, produce varying financial results.

Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss and other comprehensive income (Note 16).

Leases - Estimating the incremental borrowing rate

Management cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. Management estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgements

Estimated useful lives of property, plant and equipment (excluding production wells and facilities) (straight line method)

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. Management reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management reviews the residual value at the end of each reporting period and changes are adjusted prospectively. For line fill, management believes that the residual value of the line fill is greater than the cost.

Useful lives of right-of-use assets

Management determines the estimated useful lives of its right-of-use assets for calculating amortisation. The cost of right-of-use assets are amortised over the estimated useful lives of the assets, which is based on shorter of the lease term and the estimated useful lives of the assets. Management reviews the estimated useful lives of right-of-use assets at the end of each annual reporting period. Any change in the lease term or pattern of consumption of these assets are adjusted prospectively.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Impairment of property, plant and equipment (continued)

Management assesses, at each reporting date, whether there is any indication that an asset or a group of assets is impaired. If any such indication exists, Management estimates the recoverable amount of the asset or group of assets. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples like available fair value indicators.

The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). Significant estimates and associated assumptions are involved in determining the cash-generating units, expected future cash flows and discount rates. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Pension and other post-employment benefits

Accounting for defined benefit pensions involves making significant estimates when measuring the Group's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties. Pensions and other post-retirement benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded in the Group's consolidated statement of financial position, and pension and other post-retirement benefit expense for the following year.

The present value of defined benefit pension plans is determined using actuarial valuations. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, future salary increases, mortality rates and future pension increases. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in reasonable changes to the carrying amounts of the Group's pension and other post-retirement benefit obligations within the next financial year. Any differences between these assumptions and the actual outcome will also affect future net income and net assets.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation used are provided in Note 25.

Impairment of non-financial assets other than property, plant and equipment

Management assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, management estimates the asset's recoverable amount. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

2. Significant judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

Basis of allocation financial statement elements

The allocation methodologies have been described within the notes to the consolidated financial statements where appropriate, and management believes that the assumptions and estimates used in the preparation of the consolidated financial statements are reasonable. Management believes that the allocation methodologies are reasonable; however, financial elements allocated to the Group are not necessarily indicative of the results that would have been incurred on a stand-alone basis nor are they indicative of amounts that may be reported in the future. Actual results could differ from these estimates. It is not practical to estimate the financial results that would have been achieved by the Group if it had operated on a stand-alone basis.

3. Significant accounting policies

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

Revenue from contracts with customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The 5-step approach for revenue recognition is as follows:

- Step 1: Identify contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

In addition to revenue, the standard also applies to:

- the cost to fulfil the contract; and
- the incremental costs of obtaining a contract.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer

Revenue from sale of crude oil, condensate and NAG

The crude oil produced by the upstream operations is sold to external customers. Revenue from the sale of crude oil is recognised at the point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel, pipe or other delivery mechanism and the customer accepts the product and takes physical possession. For export sales of crude oil and condensate, the control passes to the customer when the crude oil or condensate passes the flange connection between the delivery hose and the customer's receiving vessel's permanent manifold connection. For domestic sales of crude oil and condensate, the control passes on to the customer once the oil is transported through the Main Oil Line ("MOL") from the the Group's tank farm connect to the customer's tank farm, i.e., at the Mina Al Fahal ("MAF") connect point. For NAG sales, the control of the natural gas transfers to the customer at the gas delivery point i.e., the inlet flange of the customer's plant. Consequently, the Group's performance obligations are considered to relate only to the sale of crude oil, condensate and NAG.

Under the terms of the relevant concession arrangements, the Group is entitled to its participating share in the crude oil based on its participating interest. Revenue from contracts with customers is recognised

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Revenue from contracts with customers (continued)

***Revenue from sale of crude oil, condensate and NAG* (continued)**

based on the actual volumes sold to customers. No adjustments are made to revenue for any differences between volumes sold to customers and unsold volumes which the Group is entitled to sell based on its participating interest. Revenue in respect of such volumes is only recognised when there is a transfer of output to the Group's customers.

Further, as regards to the pricing mechanism, the Group's sales of crude oil and condensate are priced based on market prices. The crude oil price is determined based on the daily market prices of the Oman Export Blend Crude Oil Future Contract, which is fixed and agreed at the time of delivery of crude oil and condensate. The Group also charges a premium for additional barrels nominated by the customers over and above the designated limit of oil barrels. The transaction price does not vary significantly under the terms of the contract. At the time of delivery, there is only a minimal risk of a change in the transaction price to be allocated to the crude oil volume sold. Accordingly, at the point of sale there is not a significant risk of revenue reversal relative to the cumulative revenue recognised, and there is no need to constrain any variable consideration under IFRS 15. The NAG price is determined based the Natural Gas Sales agreement between the Group and MoEM with effect from 6 May 2021.

The transportation and shipping cost associated with the transfer of the product to the point of sale is recognised as a selling cost. Revenue resulting from arrangements that are not considered contracts with customers is presented as other operating income.

Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group does not receive any long terms advances from customers in relation to its revenue arrangements.

Other operating revenue

Other operating revenue relates to the Group's share of compensation for the lower grade of crude oil and condensate produced by one of the oil fields that is blended and commingled with the Oman Crude Oil Blend in accordance with the Oman Blend Revenue Distribution Agreement ("OBRDA"). As per OBRDA a compensation is paid by the Operator of Mukhaizna Block to other oil producers in the Sultanate. The calculation is performed by a third party and the compensation is split based on the production volumes of each respective oil producer. These are recognised on a monthly basis when the calculation of the compensation is ascertained and agreed with the parties.

Finance income

For all financial instruments measured at amortised cost, interest income is calculated using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included as finance income in the consolidated statement of profit or loss and other comprehensive income.

Supply of crude oil barrels to the Government

The Government raised a loan of US$ 4 billion in the form of a Pre-Export Facility (PXF) through Yibal Export B.V. The facility was structured as a pre-export financing ("PXF"). The Group shall transfer to the Government such barrels of crude oil as may be required and notified by the Government to perform its obligations under a Forward Sale Arrangement ('FSA Barrels') to satisfy the requirements under the PXF. These FSA barrels are transferred at free of charge and on a 'first priority basis', that is, from the first barrels of crude oil to reach the Petroleum Delivery Point in that month. The Government has the ownership rights of these FSA Barrels and is entitled to dispose of these barrels. The Group's obligations to transfer these FSA Barrels to the Government shall at all times take priority over other obligations. On 21 October 2022, Government's obligation under the PXF arrangement was settled in full. Further, the Group and the Government has agreed that from 21 October 2022, the Group is entitled to the FSA barrels and the settlement of the receivables (sale proceeds) and payables (royalty

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Supply of crude oil barrels to the Government (continued)

and taxes) on these FSA barrels would be done on net basis for the year ended on 31 December 2022. Since, the FSA barrels (21 October 2022 to 31 December 2022) were transferred to the Government and there is no other performance obligation pending for the Group to perform, the Group has recognised revenue on the FSA barrels. The Group and the Government has also agreed to consider the standalone selling price (monthly official selling price) as the transaction price for the FSA barrels. (Note 21)

Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligation for the liabilities, relating to the arrangement.

Where the Group acts as a joint operator, the Group recognises its interest in relation to a joint operation. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

PDO is classified as a joint operation by the Group, where the Group holds 60% participating interest in the joint operation.

Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI 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.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.
The Group's consolidated financial statements include Hydrogen Oman SPC as a wholly-owned subsidiary.

Property, plant and equipment (Oil and gas properties – production wells and facilities)

Initial recognition

Production wells and facilities are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

In certain cases, expenditure is transferred from 'exploration and evaluation assets' to 'production wells and facilities' once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, is capitalised within 'production wells and facilities'. Expenditure incurred on exploration, seismic and other geological and geophysical costs are capitalised as part of 'production wells and facilities' as these are incurred on various clusters that are part of producing assets. Costs incurred on exploration and drilling of unsuccessful development or delineation wells are written off.

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 and is immediately written off. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation, depletion and amortisation

Production wells and facilities are in principle depreciated/amortised over the proved developed reserves of the field concerned, other than assets whose useful lives differ from the lifetime of the field which are depreciated applying the straight-line method. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date. Estimates of oil and natural gas reserves determined in accordance with US Securities and Exchange Commission (SEC) guidelines, including the application of oil prices using 12-month historical price data in assessing the commerciality of technical volumes and management's estimate of the fixed gas prices, are typically used to calculate depreciation, depletion and amortisation charges for the Group's

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Property, plant and equipment (Oil and gas properties – production wells and facilities) (continued)

Depreciation, depletion and amortisation (continued)

oil and gas properties. Therefore, where this approach is adopted, charges are not dependent on management forecasts of future oil prices.

Other assets which are part of production wells and facilities are generally depreciated on a straight-line basis over their estimated useful lives, which is generally 20 years.

Derecognition

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 consolidated 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.

Property, plant and equipment (Exploration and evaluation assets)

Exploration, evaluation and development costs that relate to the acquisition and installation of production facilities, development drilling costs and applicable exploration costs that are expected to generate probable future economic benefits are capitalised. These costs are initially classified as 'exploration and evaluation assets' pending determination of successful exploration using the successful efforts method. Under the successful efforts method, exploration costs associated with exploratory wells are initially capitalised until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalised subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalised costs are written off.

Exploratory wells remain capitalised while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalised costs are not subject to amortisation, but are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalised costs are transferred to production wells and facilities.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g., a platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalised as long as such work is under way or firmly planned.

All other research and development expenditure are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. The expenditure incurred on drilling development wells is capitalised and written off when found to be dry.

Property, plant and equipment (Main oil / gas line, line fill and other facilities)

The main oil and gas pipelines are stated at cost less any depletion or impairment in value. Minimum quantities of crude oil, condensate and NAG ('line fill'), which is necessary to bring a pipeline into working order, is treated as a part of the related pipelines and is classified as a part of property, plant and equipment. This is on the basis that it is not held for sale or consumed in a production process but is necessary to the operation of a facility during more than one operating cycle.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Property, plant and equipment (capital work-in-progress)

Capital work-in-progress is not depreciated. Capital work-in-progress is recorded at cost, less impairment. Allocated costs along with borrowing costs directly attributable to the construction of the asset are capitalised. Other capital work-in-progress is recorded at cost which represents the purchase price or cost of service required to complete an asset. The capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Property, plant and equipment (Abandonment assets)

Abandonment and restoration costs associated with provisions for asset retirement are capitalised and depreciated as per classified asset categories (either unit-of-production method or based on the useful life of the asset). The Group records a provision and a corresponding asset for abandonment/decommissioning activities in upstream operations for well plugging, site restorations and other abandonment activities. The abandonment asset and the related obligation for a well is recognised when it is drilled. For other assets, these are recognised in the period when sufficient information becomes available to estimate a range of potential settlement dates.

Property, plant and equipment (all other assets)

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Concession and preliminary expenses	Over the period of concession
Buildings, repair shop, airport and instrumentation	20 to 33 years
Movables, vehicles, software, computing and communication	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated financial statements during the financial period in which they are incurred. An item of property and equipment 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 fair value less costs to sell and the carrying amount of the asset) is included in the consolidated financial statements in the year the asset is derecognised.

The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated financial statements as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively, if appropriate at each reporting date.

Inventories

Crude oil

Crude oil inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method. The cost of crude oil includes the purchase cost, the cost of refining, including the proportion of depreciation, depletion and amortisation, and overheads based on normal operating capacity. Net realisable value is determined by reference to sales prices existing at the reporting date, adjusted where the sale of inventories after the reporting period gives evidence about their net realisable value at the end of the period. Crude oil inventories include the Group's stock entitlement, with adjustment for over lift / under lift stock.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Inventories (continued)

Consignment stock

NAG owned by the Group that is stored in pipelines owned by a related party is classified as inventory, under consignment stock. Since, these pipelines are not owned by the Group, the related line fill inventories used to operate the pipelines are not classified as part of property, plant and equipment. The Group recognise these line fill inventories as consignment stock, as they are possessed by a related party. Consignment stock is stated at cost of production. These consignment stocks are classified as non-current as they are not expected to be returned within 12 months from the reporting date.

Other inventories

Material stock, project bulk material stock and well advance stock are materials and supplies to be consumed in the production process and are valued at cost on a weighted average basis. Inventories are valued at cost less provision for obsolete, slow-moving and defective items. Cost is determined on the weighted average cost basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Leases

The Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is considered as a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Production wells and facilities	
- Crude oil production facilities	10 to 25 years
- Rigs and hoists	2 to 25 years
- Well service units	2 to 12 years
Movables, vehicles, software, computing and communication	
- Logistics and other equipment	7 to 17 years
- Vehicles	2 to 15 years
- Corporate equipment	2 to 4 years

If ownership of the leased asset transfers to the the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses unless they are incurred to produce inventories in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

iii) Use of hindsight

The Group applies the use of hindsight practical expedients to leases where the Group has determined the lease term as the lease contract contains an option to extend or terminate the lease. Based on this the Group has determined different lease terms for different leases based on the contract option.

iv) Short term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain an extension or purchase option). It also applies the low-value assets recognition exemption to leases of certain office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset'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 to sell (FVLCS) and its value-in-use (VIU) and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 to sell, recent market transactions are taken into account, if available. 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 entities 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 cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a five-year period.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit'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 consolidated statement of profit or loss and other comprehensive income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and due from related parties that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that The Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes bank balances and cash, trade and other receivables, due from related parties, housing loan receivables and other non-current assets.

The Group does not have any financial assets at fair value through OCI or financial assets carried at fair value through profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages for due from related parties, other receivables and other financial assets. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs as these financial assets do not contain a significant financing component and usually have a maturity of one year or less. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on ECLs at each reporting date.

The Group has established default rates that is based on its historical credit loss experience and the probability of default associated with the Oman Government, adjusted for forward-looking factors specific to the customers and the economic environment, and taking into account any coverage by letters of credit. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, The Group may also consider a financial asset to be in default when internal or external information indicates that The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass- through’ arrangement; and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derecognition of financial assets (continued)

ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables, lease liabilities, due to related parties and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation

process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

This category generally applies to borrowings, trade and other payables, lease liabilities, due to related parties and other liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Current versus non-current classification (continued)

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and bank

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and cash in hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash in hand and cash at bank, as defined above, as they are considered an integral part of the Group's cash management.

Borrowing costs

Borrowing costs include interest and direct costs such as underwriting, stamp duty, legal and other related costs in connection with borrowings. Costs other than interest are deferred when incurred and amortised over the contractual term of the debt. Interest costs are computed using the effective interest rate method in accordance with IFRS 9. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete or suspended if the development of the asset is suspended.

Borrowing costs which are directly attributable to the construction of qualifying asse***ts***, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Fair value measurements (continued)

There are no assets and liabilities for which fair value is measured or disclosed in the financial statements. The fair values of financial assets and financial liabilities are not significantly different from their carrying values largely due to the short-term nature of these instruments.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Abandonment provision (Decommissioning costs)

Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognised on construction or installation. Similarly, where an obligation exists for a well, this liability is recognised when it is drilled. An obligation for abandonment may also crystallise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its abandonment obligations. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Abandonment obligations are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortised over the useful life of the asset.

Changes in the estimated timing, cash flows or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to abandonment assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss and other comprehensive income. If the change in estimate results in an increase in the abandonment provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of abandonment provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

The discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss as a finance cost. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed. Liabilities for environmental costs are recognised when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Abandonment provision (Decommissioning costs) (continued)

Environmental expenditures and liabilities (continued)

expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Omani staff pension scheme

PDO operates a defined benefit pension scheme ("the Scheme") for its Omani staff engaged in the oil and gas operations, which requires contributions to be made to a separately administered fund which is governed by rules set out by PDO.

All Omani employees employed on a full-time basis are eligible to be a Member of the Scheme from the date of joining PDO if he or she is able to complete 15 actual years of service effective from 1 January 2014 with PDO before they reach the age of 60 years for male and 55 years for female (with an option to work until the age of 60 years). PDO contributes into the Scheme each month as determined by the Pensions Committee acting on Actuarial Advice and classifies the Scheme as a Plan Asset under IAS 19 Employee Benefits. The cost of providing benefit under the plan is determined by using the projected unit credit method with actuarial valuation being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gain and losses, and the return of plan assets (excluding interest), is reflected immediately in the balance sheet with a charge/credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive cost is reflected immediately in retained earnings and will not be reclassified to the consolidated statement of other comprehensive income. Past service cost is recognised in the consolidated statement of profit or loss in the period of the plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service costs as well as gains and losses on curtailment and settlements)
- Net interest expense/income

The Group presents the first two components of the defined benefit costs in the consolidated statement of profit or loss and other comprehensive income. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the defined benefit plan. Further details are contained in Note 25.

Non-Omani staff pension liabilities

Non-Omani terminal benefits are accounted for on an accrual's basis. End-of-service benefits for seconded expatriate staff is based upon the liability accrued in accordance with the defined contributions of the irrespective pension schemes. End-of-service benefits for other expatriate staff are accrued in accordance with the provisions of the Oman Labour Law, 2003 (as amended). Further details are contained in Note 25.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Foreign currencies

The Group's consolidated financial statements are presented in United States Dollars, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Distribution of assets

Any transfer of non-financial assets, including inventories, under common control, without consideration is considered to be an equity transaction either in specie distribution or contribution. The Group which gives away the non-financial asset reflects the transaction as a distribution in specie to the Government and accounts for the transfer by derecognising the distributed asset at its carrying value against the equity.

Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The charge for current tax is calculated based on the income reported by the Group, as adjusted for items that are non-taxable or disallowed elements, and other allowable expenses. 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 jurisdiction where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Tax (continued)

Deferred tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Royalties

In accordance with the Fiscal Protocol, the Group shall pay royalties to the Government based in the Group's weekly revenue from the sale of its participating interest share of crude oil and condensate. The Group pays royalties to the Government based on sliding scale royalty rate on the weekly revenue from the sale of crude oil and condensate calculated by applying the Oman export blend crude oil price (MOG Prices) for the nominated month of lifting times the number of barrels of crude oil and condensate lifted by the Group at the petroleum delivery point in such month after deduction of the Government's share of FSA Barrels. The royalties payable by the Group meet the criteria to be treated as an expense, and accordingly, recognised in the consolidated statement of profit or loss.

Cash dividend

EDO recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of EDO. A distribution is authorised when it is approved by the shareholder of EDO. A corresponding amount is recognised directly in equity. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Changes in significant accounting policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Changes in significant accounting policies (continued)

New and amended standards and interpretations (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

As a result of the amendments, certain other directly related costs have been included by the Group in determining the costs of fulfilling the contracts. However, this amendment had no impact on the consolidated financial statements of the Group, as the Group does not have any onerous contract.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

3. Significant accounting policies (continued)

Changes in significant accounting policies (continued)

New and amended standards and interpretations (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the consolidated financial statements of the Group as it is not a firsttime adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

4. Revenue

2022	*Crude oil* *US$'000*	*NAG & condensate* *US$'000*	*Adjustments & eliminations* *US$'000*	*Total* *US$'000*
External customers - Crude oil	**11,711,655**	**-**	**-**	**11,711,655**
External customers – NAG	**-**	**2,055,460**	**-**	**2,055,460**
External customers - condensate	**-**	**3,514,409**	**-**	**3,514,409**
Total revenue from contracts with customers	**11,711,655**	**5,569,869**	**-**	**17,281,524**
2021				
External customers - crude oil	6,696,629	-	-	6,696,629
External customers - NAG	-	2,259,084	-	2,259,084
External customers – condensate	-	2,576,585	-	2,576,585
Inter segment	-	65,323	(65,323)	-
Total revenue from contracts with customers	6,696,629	4,900,992	(65,323)	11,532,298

In terms of the timing of revenue recognition, revenue is recognised at a point in time, when the control of goods is transferred to the customer. The Group does not render any other services. There are no financing components with respect to the contracts with customers.

Contract balances
Refer note 17 for trade receivables

Contract liabilities represent advances received to deliver goods and are short-term in nature. These advances do not have any financing component and are customary in nature. The duration between the transfer of a promised goods or services to a customer and the payment for that goods or services will be less than a year. Therefore, it is not considered as variable consideration and did not have any impact on the transaction price.

There were no contract liabilities at the beginning of the year and at the beginning of the earliest period presented, as a result no revenue was recognised during 2022 and 2021 from the contract liabilities.

Information about the Group's performance obligation is summarised in Note 3 "Significant accounting policies" under '*Revenue from contracts with customers'*.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

5. Other income and expenses

5.a Other operating income

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
OBRDA compensation (Note 3, '*Other operating revenue*')	**76,429**	22,607
Changes in abandonment estimates (Note 24)	**92,627**	10,361
Gains on disposals of property, plant and equipment	**55,445**	12,000
Foreign exchange gain	**2,475**	224
Tender fee	**955**	-
	227,931	45,192

The gains on disposals of property, plant and equipment represent the recovery of assets written off prior to 2021 and 2022.

5.b Other expenses

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Assets written-off and/ or disposed (Note 11a)	**(34,475)**	(29,391)
Bank charges	**(4)**	(1)
Additions to ECL provisions (Note 17 and Note 21)	**(5,969)**	2,253
Others	**(13,959)**	(18,696)
	(54,407)	(45,835)

5.c. Finance costs

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Unwinding cost on abandonment provision (Note 24)	**(173,635)**	(143,740)
Interest expense on lease liabilities (Note 22)	**(24,804)**	(43,008)
Bank interest	**(125,050)**	(25,148)
Shareholder's loan interest (Note 21)	**(73,116)**	-
	(396,605)	(211,896)

5.d. Finance income

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Interest income	**2,385**	7,812
	2,385	7,812

The interest income also includes unwinding of financing element of an outstanding receivable from 2016 relating to NAG sales to the related entity, an entity under common control, of NIL and US$ 7,428 ('000) for the years ended 31 December 2022 and 2021, respectively. The receivables were provided with an extended credit term (more than a year).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

6. Depreciation, depletion, and amortisation

	31 Dec 2021 US$ 000	*31 Dec 2021 US$ 000*
Depreciation on property, plant and equipment (Note 11a)	**(3,498,355)**	(3,133,251)
Depreciation on right-of-use assets (Note 11b)	**(68,667)**	(84,375)
	(3,567,022)	(3,217,626)

7. Production expenses

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Well production expenses	**(280,001)**	(228,397)
Change in inventory (crude oil inventory and consignment stock)	**(138,316)**	166,349
Surface operations and maintenance expenses	**(556,316)**	(452,187)
Other production expenses	**(438,078)**	(380,963)
	(1,412,711)	(895,198)

The production expenses include staff costs of US$ 616,822 ('000) and US$ 607,043 ('000) for the years ended 31 December 2022 and 2021, respectively (Note 10). Crude oil inventory movement, including under-liftings between the Group and the MoEM's share in other Blocks, amounting to US$ 139,559 ('000) and US$ 164,943 ('000) for the years ended 31 December 2022 and 2021, respectively are included in well production expenses.

8. Royalty expenses (Note 21)

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Royalty expense on crude oil	**(5,679,359)**	(2,335,763)
Royalty expense on condensate	**(1,717,847)**	(745,106)
	(7,397,206)	(3,080,869)

9. Selling and distribution expenses

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Transportation costs	**-**	(74,106)
	-	(74,106)

Notes to the consolidated financial statements of the Energy Development Oman SAOC
(continued)

10. Staff cost

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Basic salaries and allowances	**(506,492)**	(503,613)
Retirement benefit costs	**(31,138)**	(4,699)
Staff pension scheme	**(120,044)**	(140,559)
Other associated costs	**(59,836)**	(55,840)
	(717,510)	(704,711)

During the years ended 31 December 2022 and 2021, staff costs of US$ 100,688 ('000) and US$ 95,880 ('000) respectively, were capitalised in "Production wells & production facilities" and "Work in progress".

Staff costs of US$ 616,822 ('000) and US$ 607,043 ('000) for the years ended 31 December 2022 and 2021, respectively, are included within production expenses. (Note 7)

Staff costs of NIL and US$ 1,788 ('000) for the years ended 31 December 2022 and 2021, respectively, are included within other expenses. (Note 5.b)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

11.a Property, plant, and equipment

	Production wells & production facilities US$ 000	*Concession & preliminary expenses US$ 000*	*Building, repair shop, airport, and instrumentation US$ 000*	*Movables, vehicle, software, computing & communication US$ 000*	*Main oil/ gas line, line fill & other facilities US$ 000*	*Exploration and evaluation assets US$ 000*	*Work in progress US$ 000*	*Abandonment assets US$ 000*	*Total US$ 000*
Cost									
At 1 January 2022	**52,207,879**	**4,620**	**1,615,030**	**807,801**	**658,893**	**137,697**	**3,474,775**	**1,889,924**	**60,796,619**
Additions	**728,734**	**-**	**34,225**	**44,088**	**8,804**	**183,629**	**2,455,934[2]**	**129,048**	**3,584,462**
Change in estimates	**-**	**-**	**-**		**-**	**-**	**-**	**(443,498)**	**(443,498)**
Transfer within assets classes/ to other assets	**3,732,582**	**-**	**68,656**	**87,605**	**58,869**	**(130,468)**	**(3,817,244)**	**-**	**-**
Assets written-off and/ or disposed	**(54,570)**	**-**	**(228)**	**(4,318)**	**(222)**	**(9,616)**	**-**	**(67,996)**	**(136,950)[1]**
At 31 December 2022	**56,614,625**	**4,620**	**1,717,683**	**935,176**	**726,344**	**181,242**	**2,113,465**	**1,507,478**	**63,800,633**
Depreciation									
At 1 January 2022	**(34,772,798)**	**(4,620)**	**(778,823)**	**(728,391)**	**(433,762)**	**-**	**(846)**	**(718,859)**	**(37,438,099)**
Charge for the year	**(3,277,316)**	**-**	**(60,177)**	**(45,558)**	**(15,951)**	**-**	**-**	**(99,353)**	**(3,498,355)**
Assets written-off and/ or disposed	**29,869**	**-**	**72**	**4,316**	**222**	**-**	**-**	**-**	**34,479[1]**
At 31 December 2022	**(38,020,245)**	**(4,620)**	**(838,928)**	**(769,633)**	**(449,491)**	**-**	**(846)**	**(818,212)**	**(40,901,975)**
Net book value at 31 December 2022	**18,594,380**	**-**	**878,755**	**165,543**	**276,853**	**181,242**	**2,112,619**	**689,266**	**22,898,658**

1. The net book value of Assets written-off and/ or disposed (excluding abandonment assets) for the year ended 31 December 2022 amounting to 34,475 (‘000) has been charged to the ‘other operating expenses’ in the consolidated statement of profit or loss and other comprehensive income (Note 5.b). The gain/loss on disposals of property, plant and equipment is charged to ‘other operating income’ in the consolidated statement of profit or loss and other comprehensive income.

2. Work-in-progress also includes depreciation expenses relating to right-of-use assets that were capitalised amounting to US$ 135,719 (‘000). (Note 11b)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

11.a Property, plant, and equipment (continued)

	Production wells & production facilities US$ 000	*Concession & preliminary expenses US$ 000*	*Building, repair shop, airport and instrumentation US$ 000*	*Movables, vehicle, software, computing & communication US$ 000*	*Main Oil/ Gas line, line fill & other facilities US$ 000*	*Exploration and evaluation assets US$ 000*	*Work in progress US$ 000*	*Abandonment assets US$ 000*	*Total US$ 000*
Cost									
At 1 January 2021	48,277,588	4,620	1,496,134	771,818	629,465	90,968	4,451,881[2]	1,413,568	57,136,042
Additions	1,232,590	-	32,297	37,495	3,209	169,025	1,758,087[2]	289,690	3,522,393
Change in estimates	-	-	-	-	-	-	-	222,618	222,618
Transfer within assets classes/ to other assets	2,716,774	-	86,982	-	27,186	(95,749)	(2,735,193)	-	-
Assets written-off and/ or disposed	(19,073)	-	(383)	(1,512)	(967)	(26,547)	-	(35,952)	(84,434) [1]
At 31 December 2021	52,207,879	4,620	1,615,030	807,801	658,893	137,697	3,474,775	1,889,924	60,796,619
Depreciation									
At 1 January 2021	(31,852,715)	(4,620)	(717,225)	(688,581)	(421,278)	-	(846)	(638,674)	(34,323,939)
Charge for the year	(2,936,314)	-	(61,981)	(41,321)	(13,450)	-	-	(80,185)	(3,133,251)
Assets written-off and/ or disposed	16,231	-	383	1,511	966	-	-	-	19,091[1]
At 31 December 2021	(34,772,798)	(4,620)	(778,823)	(728,391)	(433,762)	-	(846)	(718,859)	(37,438,099)
Net book value at 31 December 2021	17,435,081	-	836,207	79,410	225,131	137,697	3,473,929	1,171,065	23,358,520

1. The net book value of Assets written-off and/ or disposed (excluding abandonment assets) for the year ended 31 December 2021 amounting to 29,391 (‘000) has been charged to the ‘other operating expenses’ in the consolidated statement of profit or loss and other comprehensive income (Note 5.b). The gain/loss on disposals of property, plant and equipment is charged to ‘other operating income’ in the consolidated statement of profit or loss and other comprehensive income.

2. Work-in-progress also includes depreciation expenses relating to right-of-use assets that were capitalised amounting to US$ 119,820 (‘000). (Note 11b)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

11.b Right-of-use assets

	Production wells & production facilities US$ 000	***Movables, vehicles, software, computing & communication US$ 000***	***Total US$ 000***
Cost			
At 1 January 2022	**1,731,680**	**121,934**	**1,853,614**
Modification adjustment	**(199,607)**	**1,374**	**(198,233)**
Additions	**114,537**	**-**	**114,537**
Disposals	**(41,714)**	**(88)**	**(41,802)**
At 31 December 2022	**1,604,896**	**123,220**	**1,728,116**
Accumulated Depreciation			
At 1 January 2022	**(677,456)**	**(85,338)**	**(762,794)**
Charge for the year	**(184,085)**	**(20,301)**	**(204,386)**
Disposals	**59,933**	**2,852**	**62,785**
At 31 December 2022	**(801,608)**	**(102,787)**	**(904,395)**
Net book value at 31 December 2022	**803,288**	**20,433**	**823,721**

Depreciation for the year was reported as follows:	***US$ 000***
Depreciation expense charged to consolidated statement of profit or loss (Note 6)	**68,667**
Depreciation expense capitalised as part of property, plant and equipment (Note 11a)	**135,719**
	204,386

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets.

31 December 2021

	Production wells & production facilities US$ 000	*Movables, vehicles, software, computing & communication US$ 000*	*Total US$ 000*
Cost			
At 1 January 2021	1,604,239	111,064	1,715,303
Modification adjustment[1]	28,952	10,870	39,822
Additions	149,961	-	149,961
Disposals	(51,472)	-	(51,472)
At 31 December 2021	1,731,680	121,934	1,853,614
Accumulated Depreciation			
At 1 January 2021	(514,665)	(64,413)	(579,078)
Charge for the year	(183,270)	(20,925)	(204,195)
Disposals	20,479	-	20,479
At 31 December 2021	(677,456)	(85,338)	(762,794)
Net book value at 31 December 2021	1,054,224	36,596	1,090,820

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

11.b Right-of-use assets (continued)

	US$ 000
Depreciation for the year was reported as follows:	
Depreciation expense charged to profit or loss (Note 6)	84,375
Depreciation expense capitalised as part of property, plant and equipment (Note 11a)	119,820
	204,195

[1]Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets.

12. Cash and bank balances

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Cash at bank	**227,746**	340,688
Cash in hand	**155**	92
	227,901	340,780

For the Group, cash equivalents comprise of cash at bank (in current accounts). These balances do not earn any interest and can be withdrawn on demand. Considering the macroeconomic factors, the management has not assumed any probability of default relating to these financial assets.

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Bank name		
National Bank of Oman	**109**	835
HSBC Bank Middle East	**11,602**	36,774
JP Morgan	**97,520**	182,784
Bank Muscat	**118,515**	120,295
	227,746	340,688

The credit risk rating for National Bank of Oman was Ba2 as at 31 December 2022 (31 December 2021: Ba2).

The credit risk rating for HSBC Bank Middle East was A3 as at 31 December 2022 (31 December 2021: A3).

The credit risk rating for JP Morgan was A2 and for Bank Muscat was Ba3 as at 31 December 2022. These are based on Moody's ratings.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

13. Issued capital and reserves

Authorised shares

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Ordinary shares of OMR 1 each	**1,300**	1,300
	1,300	1,300

Ordinary shares issued and fully paid

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Issued on 06 December 2020	**1,300**	1,300
	1,300	1,300

OCI items, net of tax:
The disaggregation of OCI in retained earnings is shown below:

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Re-measurement of pension fund obligation	**(203,237)**	(39,633)
Deferred tax related to items recognised in OCI during the year	**111,780**	(115,771)
	(91,457)	(155,404)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

14. Housing loans

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Current	**2,804**	2,116
Non-current	**9,357**	10,678
	12,161	12,794

Housing loans comprise loans disbursed by PDO to Omani staff for the purchase or construction of accommodation under PDO's Housing Loan Scheme. The loans are secured by a mortgage over the title deeds of the accommodation purchased or constructed. The loans are non-interest bearing and have a term ranging from 18 to 20 years.

In December 2020, a Sub-participation facility agreement was executed between PDO LLC and Bank Muscat SAOG under which Bank Muscat agreed to participate in PDO's housing loan portfolio. Under this agreement housing loan portfolio of US$ 126,414 ('000) was sold to Bank Muscat SAOG in December 2020. Consequently, the housing loan portfolio of US$ 126,414 ('000) was derecognised from the Group's Consolidated financial statements. The remaining balance pertains to loans not transferred to Bank Muscat. These loans will continue to be funded by PDO.

PDO's housing loan receivables balances were neither past due nor impaired as of the reporting date.

Expected credit loss for housing loans receivables

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
At 1 January and 31 December	**690**	690

15. Disclosure segment information

The Group is a combination of the following three components:

- the cost of exploration and production of crude oil from PDO,
- the cost of exploration and production of NAG and condensate from the Gas operations, and
- the sales & marketing of the crude oil, NAG and condensate undertaken by the MoEM.

For the purpose of the consolidated financial statements, the operating segment is organised into business units based on the types of products and various activities in which the Group is engaged and thus has three reportable segments, as follows:

- Crude oil segment - includes all activities related to the crude oil exploration, production, sales and marketing. This segment is further split into export and domestic sales categories.
- NAG & Condensate segment - includes activities related to:
    - the non-associated gas reserves that are developed; and
    - the condensate exploration, production, sales and marketing, which is blended with crude oil and sold at the same price.
- Corporates & others – includes leading strategic initiative for new business streams, raising external debt, etc.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

15. Disclosure segment information (continued)

Adjustments and eliminations

Finance income, finance costs and capital expenditures are allocated to individual segments to which the expenditure is attributable to. Finance income relates to interest income accrued on low-interest loans and deferred payments. Finance cost relates to the interest component for the lease liabilities and abandonment provisions. Capital expenditure consists of additions to property, plant and equipment.

NAG consumed by the crude oil segment has been eliminated from the NAG & condensate revenue and the related costs have been deducted from the crude oil segments. Such inter-segment revenue and related costs are reflected in the 'adjustments and elimination' column. In addition, there are certain corporate costs incurred in the management of corporate or functional activities that are undertaken centrally to attain efficiency and standardisation. These costs are allocated to NAG & condensate. The NAG overhead costs incurred by PDO (crude oil segment) are allocated to the NAG & condensate segment. The amount of reallocated costs from the crude oil segment to the NAG & condensate segment are US$ 220,100 ('000) in 2022 (2021 US$ 227,900 ('000)).

The Group's organisational structure reflects the various activities in which the Group is engaged. At 31 December 2022, the Group had three reportable segments: crude oil, NAG & Condensate and corporate & others.

The following table represents the information on the segments noted above:

2022	*Crude oil US$'000*	*NAG & condensate US$'000*	*Corporates & others US$'000*	*Adjustments & eliminations US$'000*	*Total US$'000*
External customers - crude oil	**11,711,655**	**-**	**-**	**-**	**11,711,655**
External customers - NAG	**-**	**2,055,460**	**-**	**-**	**2,055,460**
External customers - Condensate	**-**	**3,514,409**	**-**	**-**	**3,514,409**
Total revenue	**11,711,655**	**5,569,869**	**-**	**-**	**17,281,524**
Depreciation on property, plant and equipment	**2,107,956**	**1,390,399**	**-**	**-**	**3,498,355**
Depreciation on right-of-use assets	**51,456**	**16,778**	**433**	**-**	**68,667**
Interest income	**(47)**	**-**	**(2,338)**	**-**	**(2,385)**
Interest expense on lease liabilities	**17,627**	**7,052**	**125**	**-**	**24,804**
Interest expense on loans and borrowings	**-**	**-**	**198,166**	**-**	**198,166**
Profit before tax	**2,747,648**	**2,143,511**	**(206,883)**	**-**	**4,684,276**
Segment assets	**15,733,132**	**10,825,014**	**554,094**	**(35,049)**	**27,077,191**
Segment liabilities	**4,034,065**	**2,236,568**	**6,002,979**	**(35,049)**	**12,238,563**
Other disclosures					
Capital expenditure	**2,482,495**	**972,919**	**-**	**-**	**3,455,414**

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

15. Disclosure segment information (continued)

2021	*Crude oil US$'000*	*NAG & condensate US$'000*	*Corporates & others US$'000*	*Adjustments & elimination US$'000*	*Total US$'000*
External customers - crude oil	6,696,629	-	-	-	6,696,629
External customers – NAG	-	2,259,084	-	-	2,259,084
External customers – condensate	-	2,576,585	-	-	2,576,585
Inter segment	-	65,323	-	(65,323)	-
Total revenue	6,696,629	4,900,992	-	(65,323)	11,532,298
Depreciation on property, plant and equipment	1,971,643	1,161,608	-	-	3,133,251
Depreciation on right-of-use assets	67,496	16,879	-	-	84,375
Interest income	(39)	(7,428)	(345)	-	(7,812)
Interest expense on lease liabilities	35,298	7,710		-	43,008
Inter-segment	202,127	-	-	(65,323)	136,804
Interest expense on loans and borrowings	-	-	25,148	-	25,148
Profit before tax	780,582	3,318,424	(39,234)	-	4,059,772
Segment assets	15,538,747	12,327,041	302,782	(7,521)	28,161,049
Segment liabilities	4,319,678	2,606,735	2,482,948	(7,521)	9,401,840
Other disclosures					
Capital expenditure	2,264,662	968,041	-	-	3,232,703

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

16. Inventories

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Material stock	**282,794**	211,493
Project bulk material stock (flowlines and hook-up)	**81,117**	83,812
Crude oil inventory	**34,585**	174,144
Consignment stock	**9,818**	8,575
Well advance stock	**5,156**	6,630
	413,470	484,654

The below table presents the movement in provision for obsolete stock.

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
At 1 January	**31,978**	37,042
Additions to provisions (recognised in consolidated statement of profit or loss and other comprehensive income)	**10,800**	6,000
Write-offs	**(13,343)**	(11,064)
At 31 December	**29,435**	31,978

17. Receivables and prepayments

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Trade receivables	**17,764**	18,285
Prepayments	**44,454**	65,792
Other receivables	**53,681**	76,542
	115,899	160,619
Less: non-current portion of receivables and prepayments	**18,593**	21,517
Current portion of receivables and prepayments	**97,306**	139,102

Trade receivables are non-interest bearing and are normally settled within 30-60-day terms.

Expected credit loss for trade receivables

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
At 1 January	**10,403**	12,120
(Reversals)/additions to provisions	**5,719**	(1,717)
At 31 December	**16,122**	10,403

The Group applies a simplified approach to calculate ECLs. The Group considers the receivables in default when contractual payments are 90 days past due. The Group has established default rates that is based on its historical credit loss experience and the probability of default associated with Oman Government, adjusted for forward-looking factors specific to the customers

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

18. Computation of distributed to the Government

	31 Dec 2021 US$ 000 (Up to Fiscal Protocol)
Total revenue from the sale of crude oil, NAG and condensate (including other operating income and finance income)	2,638,748
Add: outstanding receivables as of 31 December 2020	1,599,179
Less: outstanding receivables as of 24 February 2021 for Oil and 5 May 2021 for NAG and condensate	(1,652,129)
Less: expenses incurred during the year (Residue reinjection, transportation costs and other overheads)	(23,505)
Less: outstanding payables on expenses incurred for the previous year (residue reinjection and transportation costs)	(64,319)
Add: adjustment of advances received to the related party	-
Less: cash call payments made by the MoEM to PDO (60%) and Gas operations (100%)	(1,027,508)
Total cash distributed on retained earnings	1,470,466
Distribution of assets in specie*	7,027
Total surplus distributed to the Government	1,477,493

Distribution of assets in specie*

During the period from 1 January 2021 to 23 February 2021, out of the total MoEM's share of oil production, the Group transferred production volumes of 270 ('000) barrels to the Government. This arrangement is considered as an equity transaction and accounted for as a distribution of asset in specie to the Government. Therefore, the Group has recognised the cost of these barrels amounting to US$ 7,027 ('000) for the period from 1 January 2021 to 23 February 2021 in equity. (Note 21).

19. Payables and accruals

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Trade payables		
Foreign	***332,584***	*5,732*
Domestic	***1,759***	*300,958*
	334,343	306,690
Accrued expenses	**626,324**	585,354
Deferred income	**2,331**	2,305
Other payables and provisions	**181,933**	98,985
Royalty payables	**781,139**	544,575
	1,926,070	1,537,909

Trade payables and other payables are non-interest bearing and are normally settled within a 30–45-day term.
For details of the Group's liquidity risk management processes (Note 28).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

20. Loans and borrowings

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Outstanding loan		
USD 2.5 billion term loan	**2,500,000**	2,500,000
Less: net upfront charges on term loan capitalised	**(25,368)**	(31,546)
Shareholder's loan (Note 21)	**3,418,563**	-
	5,893,195	2,468,454

	31 Dec 2022 ***US$'000***	*31 Dec 2021* *US$'000*
The maturity analysis of loans and borrowings are as follows:		
Current		
USD 2.5 billion term loan	**85,526**	-
Shareholder's loan (Note 21)	**1,359,766**	-
	1,445,292	-
Non-current		
USD 2.5 billion term loan	**2,389,106**	2,468,454
Shareholder's loan (Note 21)	**2,058,797**	-
	4,447,903	2,468,454
	5,893,195	2,468,454

The term loan is repayable in equal instalments of US$ 85,526 ('000) from twenty-seven months after the date of the facility agreement dated 11 August 2021. The instalments will be paid once every three months up to 81 months from the date of the facility agreement, aggregating nineteen instalments. This loan is repayable in full in 2028 with a final instalment of US$ 875,000 ('000). The rate of interest on each instalment is the aggregate of the margin (2.95% per annum) and applicable LIBOR.

The Shareholder's loan does not have a fixed repayment date. However, the Group expects to repay US$ 1,359,766 ('000) in the next 12 months and accordingly, this portion has been classified as current.

21. Related party transactions

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.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

21. Related party transactions (continued)

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

The nature of the related party transaction with the Government entities that are considered to be significant transactions and that have significant balances outstanding as at the end of the reporting periods are detailed below:

Revenue

Prior to the application of fiscal protocol, under Block 6 construct, NAG revenue from Government entities is approximately 81.87%. Under the fiscal protocol, NAG revenue from Government entities is 100% of the total NAG revenue. The NAG revenue from government entities during the year ended 31 December 2022 amounts to US$ 2,055,460 (‘000), (31 December 2021: US$ 2,090,315 (‘000)) with corresponding receivables of US$ 516,921 (‘000) as at 31 December 2022 (31 December 2021: US$ 367,132 (‘000)).

With respect to crude oil revenue, 100% crude oil revenue is from Government amounting to US$ 11,711,655 (‘000) during the year ended 31 December 2022 (31 December 2021: US$ 5,790,372 (‘000)) with a corresponding receivable of US$ 1,290,714 (‘000) as at 31 December 2022 (31 December 2021: US$ 745,903 (‘000)).

With respect to condensate revenue, 100% revenue is from the Government amounting to US$ 3,514,409 (‘000) during the year ended 31 December 2022 (31 December 2021: US$ 2,576,585 (‘000)) with a corresponding receivable of US$ 425,054 (‘000) as at 31 December 2022 (31 December 2021: US$ 455,094 (‘000)).

Other operating income

Other operating income comprises the Group’s share of compensation received from a related Government entity for the lower grade of crude oil and condensate of US$ 76,429 (‘000) during the year ended 31 December 2022 (31 December 2021: US$ 22,607 (‘000)) with corresponding receivables of US$ 38,208 (‘000) as at 31 December 2022 (31 December 2021: US$ 15,193 (‘000)) .

Trade receivable and finance income

The gas sales agreement between the MoEM and a related Government entity was amended in 2016, under which the related Government entity was required to make an additional payment, as the MoEM supplied a certain threshold of gas from the year 1996-2016. The payments are deferred for more than a year and demonstrate an extended credit term, and hence it includes significant elements of financing. The difference between the total of the outstanding receivables due in 2016 and the present value of the variable amount received over subsequent years is recognised as interest income to the consolidated statement of profit or loss and other comprehensive income over time. The outstanding receivables amounting to NIL as at 31 December 2022 (31 December 2021: NIL) and the related finance income amounting to NIL for the year ended 31 December 2022 (31 December 2021: US$ 7,428 (‘000)) is allocated to the Group.

Transportation cost

The transportation cost related to the supply of NAG is paid to a related Government entity. The cost allocated to the Group amounts to NIL during the year ended 31 December 2022 (31 December 2021: US$ 74,106 (‘000)) with NIL corresponding payables as at 31 December 2022 (31 December 2021: NIL).

Royalty

The Royalty paid by the Group to the Government on its weekly revenue amounts to US$ 7,397,206 (‘000) for the year ended 31 December 2022 (31 December 2021: US$ 3,080,869 (‘000)) with a corresponding payable of US$ 781,139 (‘000) as of 31 December 2022 (31 December 2021: US$ 544,575 (‘000)).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

21. Related party transactions (continued)

Purchase cost

The purchase of residue reinjected by a related Government entity amounts to US$ 2,017 (‘000) for the year ended 31 December 2022 (31 December 2021: US$ 28,511 (‘000)) with corresponding payables of US$ 30,528 (‘000) as of 31 December 2022 (31 December 2021: US$ 28,511 (‘000))

Distribution of assets in specie

During the year ended on 31 December 2022, out of the total the Group’s share of oil production, the Group transferred production volumes of 1,825 (‘000) barrels (31 December 2021: 1,825 (‘000)) to the Government. This arrangement amounting to US$ 40,539 (‘000) is considered as an equity transaction and accounted for as a distribution of asset in specie to the Government for the year ended 31 December 2022 (31 December 2021: 39,500 (‘000)). The cost of the barrels amounting to US$ 7,027 (‘000) that related to the period prior to the application of Royal Decree and Fiscal Protocol, is recognized in the invested capital of the Group. The cost of the barrels amounting to US$ 40,539 (‘000) for the year ended 31 December 2022 (31 December 2021: US$ 32,473 (‘000)) that related to period post the application of Royal Decree and Fiscal Protocol, is recognized in the retained earnings.

Supply of crude oil barrels to the Government

Production expenses and depreciation, depletion and amortisation include the cost of FSA barrels transferred to the Government for the year ended 31 December 2022 amounted to US$ 274,824 (‘000) and US$ 438,327 (‘000), respectively (31 December 2021: US$ 203,154 (‘000) and US$ 470,141 (‘000)). The total cost of FSA barrels amounted to US$ 713,151 (‘000) year ended 31 December 2022 (31 December 2021: US$ 673,295 (‘000)).

Distribution of interim dividends

During the year ended 31 December 2022, the Group has declared interim dividends amounting to US$ 5,308,158 ('000) (31 December 2021: US$ 2,410,668 (‘000)) out of which it has paid US$ 1,655,268 ('000) (31 December 2021: US$ 2,283,000 ('000)) to its shareholder.

The remaining dividend is settled in the following manner:

1. The Group has agreed with its shareholder to classify interim dividend payable amounting to US$ 3,418,563 (‘000) as a “Shareholder’s loan” to fund the Block 6 capital costs. The repayment of this loan will be based on terms specified in an agreement, along with an interest of 5% p.a. payable on the outstanding amount. Based on discussions with the shareholder, the Group expects to repay US$ 1,359,766 (‘000) in the next 12 months and accordingly, this portion has been classified under current liabilities. Interest expense on the shareholder loan amounted to US$ 73,116 (‘000) during the year.

2. During the year ended 31 December 2022, out of the Group’s obligation under the Fiscal Protocol to transfer petroleum barrels under the Forward Sale Agreement, the Group transferred an additional 10,613 ('000) barrels of crude oil to the Government (2021: 2,906 (‘000) barrels). The sale proceeds towards these additional barrels of crude oil aggregated to US$ 1,012,075 ('000) and the related royalty and taxes aggregated to US$ 491,349 ('000) and US$ 286,399 ('000) respectively. The Group has agreed with it’s shareholder to settle these balances (i.e. receivable from shareholder amounting to US$ 1,012,075 ('000) (sale proceeds) and payable to shareholder amounting to US$ 777,748 (‘000) (royalty and taxes)) on a net basis. The Group further agreed with it’s shareholder to settle the remaining balance of US$ 234,327 (‘000) (sale proceeds net off royalty and taxes) against the interim dividend payable by the Group to it’s shareholder.

Loan from the Omani Pension Fund

PDO has entered into a credit facility with the Omani Pension Fund, under which PDO has utilised the loan proceeds in the development of a project in Ras Al Hamra (“RAH”). The amount due to the Omani Pension Fund and related accrued interest amounts to US$ 63,855 (‘000) for the year ended 31 December 2022 (31 December 2021: US$ 64,055 (‘000)).

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

21. Related party transactions (continued)

Transactions with Key managerial personnel ("KMP")
The Group had following transactions with key managerial personnel in 2022 and 2021.

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Salaries and other benefits	**26,942**	20,715

The table below shows the amounts due to related parties and due from related parties as at 31 December 2022 and 31 December 2021.

	31 Dec 2022	*31 Dec 2021*
	US$'000	*US$'000*
Due from related parties	**2,282,035**	1,584,388
Due to related parties	**98,324**	95,816

Expected credit loss for related party receivables

	31 Dec 2022	*31 Dec 2021*
	US$'000	*US$'000*
At 1 January	**1,362**	1,898
Amount provided during the year	**250**	-
Amounts reversed during the year	**-**	(536)
At 31 December	**1,612**	1,362

22. Lease liabilities

	31 Dec 2022	*31 Dec 2021*
	US$'000	*US$'000*
Opening balance	**1,163,719**	1,196,993
Modification adjustment[1]	**(169,896)**	36,420
Additions[2]	**114,537**	149,961
Deletion	**(7,352)**	-
Accretion of interest	**50,094**	64,695
Payments	**(243,352)**	(284,350)
Total	**907,750**	1,163,719

1. Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right of use assets. This is a non-cash transaction.

2. The additions during the year amounting to US$ 114,537 ('000) for 2022 and US$ 149,961 ('000) for 2021 are non-cash transactions.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

22. Lease liabilities (continued)

	31 Dec 2022	*31 Dec 2021*
	US$'000	*US$'000*
The maturity analysis of operating lease liabilities are as follows:		
Current	**226,640**	247,526
Non-current	**681,110**	916,193
	907,750	1,163,719

The following are the amounts recognised in consolidated statement of profit or loss and other comprehensive income:

	31 Dec 2022	*31 Dec 2021*
	US$ 000	*US$ 000*
Depreciation expense on right-of-use assets classified as operating expense	**32,295**	84,375
Interest expense on lease liabilities (Note 5.c)	**24,804**	43,008
Expense relating to short-term leases	**19,039**	23,297
	76,138	150,680

The Group has lease contracts that include extension and termination options. The Group may reconsider and re-evaluate whether it will exercise these extension or termination options. These options will be evaluated by management to provide flexibility in managing the leased-asset portfolio and align with the business needs. Extension and termination options that are subject to future reconsideration are not reflected as part of lease liabilities. Currently, there is no exposure to these potential additional payments in excess of the recognised lease liabilities until these decisions have been taken by the Group. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 2).

23. National objective investment/ liability

National objective investment

PDO established the National Objective Scheme in 2011 to support the Government's efforts in the Oil and the Gas industry. The primary mandate of this program is to create jobs for Omanis and training programs to enhance the skills and capabilities of Omanis.

The balance as at 31 December 2022 amounts to 4,834 ('000) (31 December 2021: US$ US$ 26,994 ('000)) is to be utilised towards the National Objective Scheme in due course by PDO.

National objective liability

This represents PDO's contribution of 1.2% of every contract price towards training programs for Omanis.

	31 Dec 2022	*31 Dec 2021*
	US$'000	*US$'000*
At 1 January	**28,805**	4,537
Additional contribution	**27,807**	24,268
Utilised during the year	**(49,615)**	-
At 31 December	**6,997**	28,805

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

24. Abandonment provision

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Non-current		
At 1 January	**2,808,406**	2,198,671
Additions in provision due to assets acquisition	**129,048**	289,690
Reduction in provision due to disposals	**(67,996)**	(35,952)
Remeasurements and change in estimates	**(536,125)**	212,257
Unwinding of interest cost	**173,635**	143,740
At 31 December	**2,506,968**	2,808,406

The Group makes full provision for the future cost of the decommissioning of oil and gas wells and production facilities on a discounted basis on the installation of those wells and infrastructure. The abandonment provision represents the present value of the abandonment costs relating to oil and gas properties, which are expected to be incurred up to 2044 for oil and gas, when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes form 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. The movements in the abandonment provision are due to the change in inputs for the discounting factor, the estimated lifetime of clusters and the estimated cost of abandoned wells based on the average expected cost of the wells.

However, actual decommissioning costs will ultimately depend upon the future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Abandonment cost recognised in the consolidated statement of profit or loss and other comprehensive income:

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Abandonment asset depreciation (Note 11a)	**99,353**	80,185
Impact of changes in estimate during the year	**(92,627)**	(10,361)
Unwinding of interest cost	**173,635**	143,740
	180,361	213,564

The abandonment provision has been estimated using existing technologies at current prices and discounted using a discount rate of 7.26% in 2022 and 6.7% in 2021.

The utilization of the provision in the next twelve months period is not expected to be significant and therefore, the entire abandonment provision is classified as non-current liabilities.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

25. Due to Omani pension scheme

PDO has a separately administered pension scheme for the benefit of its Omani staff. The Omani Staff Pension Scheme ("the pension scheme") is a defined benefit retirement scheme. The contribution by Omani staff is 7% of their basic salaries plus allowances whilst the contributions made by PDO are 29.3% of their basic salaries plus allowances. The last actuarial valuation of the Omani Staff Pension Scheme, performed as at 31 December 2022, showed the described pension scheme's position.

The following tables summarise the components of the pension expense recognised in the consolidated statement of profit or loss and other comprehensive income and the funded status and amounts recognised in the consolidated statement of financial position for the pension scheme.

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Return on plan assets (other than net interest)	**(416,608)**	97,083
Actuarial gain/ (loss) from changes in financial assumptions	**182,712**	(140,278)
Actuarial gain from changes in experience adjustments	**30,659**	3,562
Amount recognised in other comprehensive income	**(203,237)**	(39,633)
Deferred tax related to items recognised in OCI during the year	**111,780**	(115,771)
	(91,457)	(155,404)

Pension scheme costs

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Current service costs	**101,840**	86,627
Net interest expense	**(26,455)**	(25,533)
Past Service Cost	**60**	21
Total charge	**75,445**	61,115
Less: contribution paid by PDO	**(148,925)**	(143,326)
Surplus contribution to Omani staff pension scheme	**(73,480)**	(82,211)

Consolidated statement of financial position – Net retirement benefit assets/(liabilities)

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Fair value of pension scheme net assets	**2,025,432**	2,220,932
Present value of funded obligations	**(1,783,857)**	(1,849,600)
Net retirement benefit assets	**241,575**	371,332

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

25. Due to Omani pension scheme (continued)

Movement in fair value of pension scheme assets

	31 Dec 2022 ***US$'000***	*31 Dec 2021* *US$'000*
Opening fair value of scheme	**2,220,932**	1,921,533
Interest income	**151,145**	139,631
Return on plan assets (other than net interest)	**(416,608)**	97,083
Contribution paid by PDO	**148,925**	143,324
Contribution paid by the employees	**20,715**	21,503
Benefits paid	**(99,677)**	(102,142)
Fair value of pension scheme assets	**2,025,432**	2,220,932

Movement in present value of funded obligations

	31 Dec 2022 ***US$'000***	*31 Dec 2021* *US$'000*
Opening funded obligations	**1,849,600**	1,592,777
Current service costs	**101,840**	86,627
Interest costs	**124,690**	114,098
Past service	**60**	21
Re-measurement loss/(gain):		
- Actuarial loss/(gain) from changes in financial assumptions	**(182,712)**	140,278
- Actuarial (gain)/loss from change in experience adjustment	**(30,659)**	(3,562)
Benefit paid	**(99,677)**	(102,142)
Contribution paid by the employees	**20,715**	21,503
Present value of funded obligations	**1,783,857**	1,849,600

The principal assumptions used in determining the pension scheme obligations are shown below:

	2022 ***%***	*2021* *%*
Discount rate at 31 December	**7.26%**	6.70%
Inflation rate	**2.00%**	2.00%
Expected rate of return on assets	**7.26%**	6.70%
Future salary increases	**3.00%**	3.00%
Future pension increases	**2.00%**	0.00%
Mortality rate	**59% of ELT13* improving to 50% in 18 years**	59% of ELT13* improving to 50% in 18 years

**English Life Table No.13 ("ELT 13") reflects the assumed mortality of Omanis covered by the Public Authority of Social Insurance ("PASI").*

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

25. Due to Omani pension scheme (continued)

Salary risk
The present value of the defined benefit plan liability is calculated by reference to future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Change in defined benefit obligation	***2022***		*2021*	
	Increase US$'000	***Decrease US$'000***	*Increase US$'000*	*Decrease US$'000*
Discount rate (1% movement)	**(324,000)**	**284,400**	(335,200)	309,600
Future salary growth (1% movement)	**138,000**	**(126,000)**	152,400	(139,200)

Restructuring of Oman pension and social protection system
In April 2021, Royal Decree 33/2021 was issued, in which the subject of integration of pension funds was addressed. The decree stipulated that all local pension funds be merged into two funds, one concerned with civil funds and the other with military and security funds. The PDO pension fund, in cooperation with all relevant authorities and stakeholders, is currently assessing the potential impacts of the Royal Decree on the PDO's pension fund and on the Group in general.

Additionally, Management is still finalising its post integration arrangements, and is unable to quantify any pension asset or liability that may reside on Company's balance sheet post integration.

Based on the above, as at 26 February 2023 management is not able to determine, or quantity any adjustments that may be required for the Omani pension fund integration to the net retirement benefit asset balance of US$ 241,575 ('000) on the Group's consolidated statement of financial position as at 31 December 2022.

26. Provision for staff end-of-service and other retirement benefits

The defined contribution pension schemes to which seconded staff contribute are funded by payments to trusts, which are administered independently of PDO. PDO's obligations are limited to these contributions, which are expensed when due.

Provision for Omani end-of-service benefits represents amounts due to Omani staff who are not members of the Omani pension scheme and who have contracts that provide for the payment of end-of-service benefits upon termination or expiration of their employment contracts. Provision for non-Omani end-of-service benefits represents amounts due to non-Omani staff who are not members of any pension scheme and who have contracts that provide for the payment of end-of-service benefits upon termination or expiration of their employment contracts.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

26. Provision for staff end-of-service and other retirement benefits (continued)

Following are the balances of Non-Omani and other staff pension provisions:

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Provision for Omani staff voluntary enhanced early retirement scheme	**9,489**	13,493
Provision for Omani staff early enhanced retirements (Not under Omani Pension Fund)	**-**	155
Provision for non-Omani staff end-of-service benefits	**1,476**	2,066
Provision for Omani staff end-of-service benefits (Not under Omani Pension Fund)	**997**	749
	11,962	16,463

PDO's obligations are limited to these contributions, which are expensed when due. The tables below provide details of the provisions created (and utilised) during the year

Provision for Omani staff voluntary enhanced early retirement scheme

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
At 1 January	**13,493**	17,720
Paid during the year	**(4,004)**	(4,227)
At 31 December	**9,489**	13,493

Provision for Omani staff early enhanced retirements (not under Omani Pension Fund)

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
At 1 January	**155**	372
Provision made during the year	**-**	23
Paid during the year	**(155)**	(240)
At 31 December	**-**	155

Provision for non-Omani staff terminal benefits

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
At 1 January	**2,066**	2,327
Provision made during the year	**3,484**	3,839
Paid during the year	**(4,074)**	(4,100)
At 31 December	**1,476**	2,066

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

26. Provision for staff end-of-service and other retirement benefits (continued)

Provision for Omani staff terminal benefits (not under Omani Pension Fund) (continued)

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
At 1 January	**749**	714
Provision made during the year	**364**	310
Paid during the year	**(116)**	(275)
At 31 December	**997**	749

27. Assets held for sale

During 2019, Gas Operations entered into a draft agreement with Shell Integrated Gas Oman BV and Total E&P Oman Development BV ("Shell & Total") wherein Shell & Total required that EDO Gas Operations design, develop and execute services related to operations in the Concession Area of Block 10 and Block 11 (Mabrouk North East Area 1 and Area 2 respectively) (together the 'Concession Area').

In 2022, the Royal Decree was issued for Block 10 (Mabrouk North East Area 1), ratifying the Concession Agreement that was signed by the Government of Oman and Shell, along with its partners, OQ and Marsa Liquefied Natural Gas LLC (a joint venture between Total and OQ). This resulted in the relinquishment of EDO Gas Operations' interest and rights in the exploration and exploitation of NAG and NAG condensate in the Block 10 area, in 2022. The necessary preparatory work and reconciliations by EDO Gas Operations for relinquishment of Block 10 as effected by the Royal Decree has been implemented, and the hand over of related assets having a value of USD 733 million (2021: USD 665 million), and operations to Shell Development Oman L.L.C was completed. According, the related asset held for sale and the associate liabilities amounting to USD 673 million has been derecognised. The sale consideration against the assets held for sale was directly received by the Government.

Royal Decree has been issued for Block 11 (Mabrouk North East Area 2). The related assets having a value of USD 52 million (2021: USD 61 million) is recognised in accordance with IFRS 5 as 'Assets Held For Sale'. The necessary reconciliation is under progress to finally handover the asset to shell Development Oman LLC. The total funding of USD 52 million (2021: USD 61 million) by Shell and Total is recognised as liabilities associated with assets held for sale (Mabrouk North East Area 2).

Assets held for sale (Mabrouk North East):

	31 Dec 2022 US$'000	*31 Dec 2021 US$'000*
Gross Block: Exploration and evaluation assets	**52,056**	736,872
Less: Accumulated depreciation	**-**	(1,127)
Net Block: Exploration and evaluation assets	**52,056**	735,745
Cash at bank	**84**	38,400
Receivables	**-**	2,513
Payables	**(19)**	(46,470)
Due to a related party	**194**	(5,329)
	52,315	724,859

Liabilities associated with assets held for sale

Funds from Mabrouk North East participants	**52,315**	725,986
Depreciation on Mabrouk North East assets	**-**	(1,127)
	52,315	724,859

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

28. Financial risk management objectives and policies

The Group operates internationally but has limited exposure to financial risks. The financial risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risk (including commodity price risk, interest rate risk and foreign currency risk), credit risk, and liquidity risk.

Market risk - The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk.

Commodity price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of crude oil and condensate it produces. The Group does not hedge the risk, as there is no active risk management.

Commodity price sensitivity
Based on the assumption that the crude oil price moves +/- 20% this would result in a change of US$ 19/bbl. for the year ended 31 December 2022 (31 December 2021: US$ 13/bbl.), with a consequent

- increase in profit before tax of US$ 900,423 ('000) in case of 20% increase in crude oil price and
- decrease in profit before tax of US$ 890,162 ('000) in case of 20% decrease in crude oil price for the year ended 31 December 2022 (31 December 2021: US$ US$ 218,045 ('000)), respectively, where all other variables are held constant.

There is no commodity price risk associated with NAG produces, because the Group has entered into an agreement with the Government to sell its entire NAG production to the Government at agreed fixed price.

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 term loan obligations with floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax for the period (through the impact on floating rate borrowings rates). There is no direct impact on the Group's equity.

31 December 2022	***Increase/Decrease in basis points***	***Effect on profit before tax US$ 000***
	+50	(12,500)
	-50	12,500

31 December 2021	*Increase/Decrease in basis points*	*Effect on profit before tax US$ 000*
	+50	(1,697)
	-50	1,697

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

28. Financial risk management objectives and policies (continued)

Foreign currency risk

Currency risk in respect of the Group is mitigated significantly via a policy of awarding contracts and purchase orders mainly in US$ or Omani Rials only. The Omani Rial is effectively pegged to the US$. Only in exceptional cases, based on a commercial evaluation, are contracts/purchase orders awarded denominated in other currencies and therefore are not considered to have significant impact on the Group.

Credit risk - Credit risk is the risk that counterparties might not fulfil their contractual payment obligations towards an entity.

The Group is exposed to credit risk in respect of its trade and other receivables, housing loans, due from related parties and bank balances. Credit risk is controlled as balances are regularly reviewed and, where necessary an appropriate recovery action is taken. The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. Such credit losses have historically been nominal and the loss allowance for trade and other receivables, housing loans, due from related parties is presented in Note 14, Note 17 and Note 21 respectively. Other financial assets consist of cash and cash at bank held with leading and reputed banks. (Note 12).

The expected credit loss in 2022 is US$ 17,736 (‘000) (2021: US$ 11,766 (‘000)), which represents 0.73% (2021: 0.67%) of all trade receivables, prepayments and related parties on account of crude oil and NAG sales. The increase in percentage compared with prior year is mainly due to changes in the macroeconomic environment.

Liquidity risk – This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management regularly monitors future liquidity requirements. Trade payables are normally settled within 30 to 45 days of receipt of invoice based on the contractual terms. The table below summarises the maturities of the Group’s undiscounted financial liabilities at each reporting date, based on contractual payment dates.

Contractual maturities of financial liabilities

	Up to one year	*1-5 years*	*More than 5 years*	*Total contractual cash flows*	*Carrying amount*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*	*US$ 000*
31 December 2022					
Trade payables	**334,343**	**-**	**-**	**334,343**	**334,343**
Accrued expenses	**626,324**	**-**	**-**	**626,324**	**626,324**
Other payables	**181,933**	**-**	**-**	**181,933**	**181,933**
Royalty payables	**781,139**	**-**	**-**	**781,139**	**781,139**
Dues to related party	**98,324**	**-**	**-**	**98,324**	**98,324**
Loans and borrowings	**1,635,569**	**5,048,984**	**-**	**6,684,553**	**5,893,195**
Lease liabilities	**233,381**	**633,358**	**228,641**	**1,095,380**	**907,750**
Total	**3,891,013**	**5,682,342**	**228,641**	**9,801,996**	**7,377,716**

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

28. Financial risk management objectives and policies (continued)

Contractual maturities of financial liabilities (continued)

	Up to one Year	*1-5 years*	*More than 5 years*	*Total contractual cash flows*	*Carrying amount*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*	*US$ 000*
31 December 2021					
Trade payables	306,690	-	-	306,690	306,690
Accrued expenses	585,354	-	-	585,354	585,354
Other payables	98,985	-	-	98,985	98,985
Royalty payables	544,575	-	-	544,575	544,575
Dues to related party	95,816	-	-	95,816	95,816
Loans and borrowings	78,759	1,756,518	1,068,705	2,903,982	2,468,454
Lease liabilities	254,522	730,015	529,862	1,514,399	1,163,719
Total	1,964,701	2,486,533	1,598,567	6,049,801	5,263,593

29. Capital Commitments

	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*
Future capital expenditure authorised by the Board of Directors of PDO and Gas Operations	**21,156,280**	18,351,430

Supply of crude oil barrels to the Government

The Government has raised a loan of US$ 4 billion in the form of a Pre-Export Facility (PXF) through Yibal Export B.V. The facility was structured as a pre-export financing ("PXF"). Under the Fiscal Protocol, the Group transfers to the Government such barrels of Petroleum as may be required and notified by the Government to perform its obligations under a Forward Sale Arrangement ('FSA Barrels') to satisfy the requirements under the PXF. These FSA barrels are transferred at free of charge and on a 'first priority basis', that is, from the first barrels of Petroleum. The Government has the ownership rights of these FSA Barrels and is entitled to dispose of these barrels. The Group's obligations to transfer these FSA Barrels to the Government shall at all times take priority over other obligations. On 21 October 2022, Government's obligation under the PXF arrangement was settled in full. Further, the Group and the Government has agreed that from 21 October 2022, the Group is entitled to the FSA barrels and the settlement of the receivables (sale proceeds) and payables (royalty and taxes) on these FSA barrels would be done on net basis for the year ended on 31 December 2022. Since, the FSA barrels (21 October 2022 to 31 December 2022) were transferred to the Government and there is no other performance obligation pending for the Group to perform, the Group has recognised revenue on the FSA barrels. The Group and the Government has also agreed to consider the standalone selling price (monthly official selling price) as the transaction price for the FSA barrels. (Note 21)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

30. Income tax

The Group's obligation to pay current tax is defined in the Fiscal Protocol and shall be recurring in nature. The Group is liable to pay tax at an amount equal to fifty-five percent (55%) of its income chargeable to tax from 24 February 2021 for oil operations and from 06 May 2021 for NAG & condensate operations.

Since, the taxes were applicable only from the comparative year there is an opening non-deductible element arising on account of difference between accounting base (IFRS) and continuing tax base (as per concession agreement) of depreciation on property, plant, and equipment as the Group availed the initial recognition exception under IAS 12 - *'Income Taxes'*. Accordingly, the effective tax rate is expected to be significantly higher than the tax rate of 55% due to non-deductible element on initial recognition. The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income are:

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Income taxes		
Current income tax expense	**(2,742,854)**	(1,059,335)
Deferred income tax expense relating to origination and reversal of temporary:		
Deferred tax asset	**414,496**	2,184,667
Deferred tax liabilities	**(1,586,311)**	(2,544,225)
Income tax expense recognised in consolidated statement of profit or loss	**(3,914,669)**	(1,418,893)

Tax liability amounting to US$ 49,973 ('000) is payable as of 31 December 2022 (31 December 2021: 82,081).

Reconciliation of income tax expense and the accounting profit multiplied by the domestic tax rate:

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Profit before tax	**4,683,889**	4,059,772
Income tax @ 55% on profit before tax	**2,576,139**	2,232,876
Tax impact of non-deductible expenses and tax-exempt revenue	**166,715**	(1,173,541)
Net deferred tax liability	**1,171,815**	359,558
Income tax expense recognised in consolidated statement of profit or loss	**3,914,669**	1,418,893

Deferred tax

Deferred tax related to items recognised in OCI during in the year

	31 Dec 2022 ***US$ 000***	*31 Dec 2021* *US$ 000*
Re-measurement of pension fund obligation	**111,780**	(115,771)
Deferred tax liability recognised in OCI during in the year	**111,780**	(115,771)

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

30. Income tax (continued)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	31 Dec 2022 US$ 000	*31 Dec 2021 US$ 000*	***31 Dec 2022 US$ 000***	*31 Dec 2021 US$ 000*
Property, plant and equipment	**(2,448,468)**	(1,211,727)	**(1,236,741)**	(1,211,727)
Abandonment asset	**(379,096)**	(644,085)	**264,989**	(644,085)
Abandonment provision	**1,378,832**	1,544,623	**(165,791)**	1,544,623
Right of use asset	**(450,444)**	(599,952)	**149,508**	(599,952)
Lease liability	**496,679**	640,045	**(143,366)**	640,045
Net retirement benefit assets	**(132,866)**	(204,232)	**(40,414)**	(88,462)
Net Deferred tax liability	**(1,535,363)**	(475,328)	**(1,171,815)**	(359,558)

31. New standards, interpretations and amendments issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Notes to the consolidated financial statements of the Energy Development Oman SAOC *(continued)*

31. New standards, interpretations and amendments issued but not yet effective (continued)

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

32.a Comparative figures

Certain corresponding figures for 2022 have been reclassified in order to conform with the presenatation for the current year. Such reclassifications are not material and do not affect previously reported net income.

32.b Approval of the consolidated financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2023 and are signed on their behalf by the Chief Executive Officer and the Chief Financial Officer of Energy Development Oman SAOC on 30 March 2023.

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