# Investor Session Transcript

## OQEP's financial results and operational performance for the quarter ended 31st March 2025

## SLIDE 1: OPENING SLIDE

### Ridho Wahyudi, OQEP Investor Relations

Good afternoon and thank you for attending OQEP's first quarter financial results for 2025. My name is Ridho Wahyudi from the investor relations team.

I'm joined today by our Chief Financial Officer, Mr. Jaber al Noumani.

And our Chief Commercial Officer, Dr. Anwar Alkharusi.

In the next 60 minutes, we will take you through a brief summary of our first quarter results and we will then open up to a question and answer session.

Please use the raise hand option if you have a question or you can write your question through the chat functions. We will select the question.

Please don't forget to mention your name and institution when you ask question.

Please restrict your question to two only.

Please ensure that you are muted during the presentation and be advised that this call is being recorded. A transcript of the call and the presentation will be made available on the IR section of our website next week.

## SLIDE 2: DISCLAIMER

### Ridho Wahyudi, OQEP Investor Relations

Before we start, in this presentation, we make forward-looking statements that refer to our estimates, plans and expectations. Actual results and outcomes could differ materially due to a range of factors noted on the slide and in our MSX filings.

Please refer to our annual report and MSX filings for more details which are available on our website.

I will now hand over to Dr. Anwar.

## SLIDE 3: OQEP'S PROVEN STRATEGY

### Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP

Thank you very much, and good afternoon, everybody.

I shall take you through OQEP's strategy and operational updates.

I will perhaps remind you all about OQEP, the third largest company producing oil and gas in Oman. OQEP is the largest company listed on the Oman Stock Exchange, and it's the national flagship, it has got a very solid, robust, proven performance. I remind you also that we have grown 13 times in terms of production of oil and gas since the creation of OQEP in 2009.

We are delivering a strong financial outcome today. Our return on capital employed is 22% and with that, we are exceeding our peers' average.

We have long-term contracts when it comes to gas: fairly stable, predictable and that gives financial resilience to OQEP. And we have a balanced portfolio of oil and gas.

In terms of our cost advantage, we have a significant cost favourable portfolio. With a competitive fiscal regime, our operating expenditure continues to be below $10 per barrel oil equivalent and we have actually demonstrated both operational and technical excellence in our operations.

Perhaps I mention this. Let's say after seeing the latest concerns on the global economy, I must admit that OQEP presents a well-positioned E&P company to handle low economic cycles such as what we are going through now. We have demonstrated that ability throughout the past 15 years.

In terms of financial robustness, we are delivering our promised cash flow from operations and my colleague Mr. Jaber will shed more light on that, and we compare well with our peers in terms of our low leverage position today.

We are agile. We are flexible. We can handle low economic cycles. As I said, we've demonstrated that in the past 15 years.

We have a strong cash balance today of over $300 million.

We can always optimize our Capex and Opex and we have demonstrated that ability in the past, the management of our expenditure in downturns

We continue to deliver value to our shareholders. And we continue to grow as we have demonstrated in the past.

And we are committed to basically continue with our financial discipline and financial planning in the future.

In terms of value, we continue to deliver value to our shareholders through our robust cash flow generation ability, and we shall maintain the dividend payment of $600 million per year.

I must remind you, and my colleague Jaber will highlight, that in the first quarter of 2025, the dividend will be paid later this month, Inshallah.

**SLIDE 4: Q1 2025 HIGHLIGHTS**

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

So, in terms of highlights on our operations, I must say when it comes to growth.

On the 1st of May, I must remind you that we have celebrated the groundbreaking of the Marsa LNG plant investment, which we FID'd about a year ago. And that investment is delivering LNG sales in Sohar for OQEP, and for our partner Total Energies, with a favourable electrically driven LNG train, which marks one of the lowest LNG emission worldwide at 3 kilogram of CO2 barrel oil equivalent. The investment total's about $1.6 billion. And OQEP invest 20% in that.

Also, I want to highlight that we have signed a new investment in Oman Block 54 with a new partner in the country, Genel Energy, which is a listed company in London, and we shall commence exploration activities in the block as we go through. We are planning to invest about $25 million in the next three years in exploration activities. And this marks quite a favourable viable petroleum oil and gas block in Oman.

I must also say that in Block 61, which is gas, one of the important gas assets in Oman, we are finalizing a new update of the field development plan to basically increase our production of gas in that block by about 2 trillion cubic feet.

In Block 47, we are drilling with our partner, Italian partner, ENI, an exploration well, which is going to be completed, inshallah in the next four to six weeks and this well, marks an interesting exploration activity in central North Oman. And it will open new exploration basins in the country. We have good hopes, Inshallah, to discover oil in that block.

And Block 53, we are engaged with the partners and the operator and the government to improve the fiscal regime in the block and we shall, Inshallah, complete and close on that pretty soon, Inshallah.

In terms of operations, we continue to deliver our activities in a safe manner, and we continue to reduce our recorded injury frequency in the operations that we are conducting in Block 60 and Block 8.

We are today delivering 221,000 barrels oil equivalent per day net to our working interest and this is quite stable since last year. In Block 60, we have been constructing the expansion of the Bisat C facility. We are now just under 90%. We hope to complete the construction soon in quarter three this year. That will add additional oil capacity of 37,000 barrels per day, and also 400,000 barrels per day of water. This will help basically continue improving and increasing production and cash flow from our flagship asset, Block 60.

In Block 8, which is in North Oman, Musandam area, we have drilled a well in the gas field. That well is currently being completed, and activities continue and applying of hydraulic fracturing and so on, and we shall soon test the well with favourable gas production, Inshallah.

When it comes to In-Country Value, we continue our promise of heavy investment in Omani contractors. In quarter one 2025, we've achieved about $54 million of investments in Oman and that is 41% of our procurement spend in the quarter.

With that, I shall leave the financial part to my colleague, Mr. Jaber.

## SLIDE 5: SUMMARY FINANCIAL PERFORMANCE: YEAR-ON-YEAR

### Mr. Jaber Al Noumani, Chief Financial Officer, OQEP

Thank you very much, Dr. Anwar, and good afternoon to you all.

So just to shed more light into our financial results, Q1 of this year.

Starting with, as mentioned by Dr. Anwar, our operational performance.

So, when it comes to oil and condensate sales, so the volumes have increased by around 5%.

The average price realized in this quarter versus last year decreased around 5% in oil prices.

The gas volumes that we sold in this quarter as compared to first quarter 2024, was down by 5% and the main reason for that is due to the turnaround that took place in January this year in our major gas block, Block 61, for around 2 weeks. After the turnaround, there was a ramp up during the month of January and then the plan stabilized around March. And accordingly, the realized gas price was affected because of that.

In terms of the financial results, so we recorded the revenue of around 205 million Omani Riyals as compared to 209 million Omani Riyals in Q124.

Our gross profit dropped by almost the same for the same reason, I mean with the decrease in oil prices.

Adjusted EBITDA including the gain basically that we made from our JV company, which is Marsa, taking the share of profit in that around 152 million Omani Riyals.

Our net profit for the for the quarter, we recorded a profit of around 75 million Omani Riyals.

With cash flow from operations, excluding working capital, around 141 million Omani Riyals, which is a very robust cash position that we have for the quarter.

Our CapEx expenditure for the quarter, it was around 57 million Omani Riyals. We maintain basically our CapEx expenditure so that we can maintain, basically, our production profiles.

Our net debt stood at 264 million Omani Riyals. The reason for that because of the current loan facilities that we're having as compared to Q1 last year.

We recorded a very strong return on capital employed around 22 two percent. That represent around 6% increase as compared to Q1 last year.

Moving on to the next slide.

## SLIDE 6: SUMMARY FINANICAL PERFORMANCE: QUARTER-ON-QUARTER

### Mr. Jaber Al Noumani, Chief Financial Officer, OQEP

So, we're now comparing basically Q1 performance of this year versus Q4 performance of 2024.

Just to elaborate more on the financial strength around the business of our, basically, financials or cash positions and revenues.

So again, our oil and gas sales, oil and condensate sales increased by 5%.

The oil prices stood at the same from last quarter of last year to this quarter of this year.

The gas volumes, they were basically lower than last quarter, again for the same reason I mentioned, the turnaround that took place in Block 61, and the average prices were almost more or less the same.

And again, our, basically, financials as compared to last quarter, were improved significantly to the higher side and which demonstrates really our operational efficiency, the robustness of our financial position, and basically delivering high value and high returns to our shareholders.

Moving on to the next slide, back to Dr. Anwar for future guidance.

## SLIDE 7: FY2025 GUIDANCE (1/2) – GROSS FIELD LEVEL

### Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP

Yes, indeed.

So, our guidance has not changed from what we published last year.

But in terms of the producing blocks, mixed oil and gas from Block 60, Block 61, Block 9, Block 53, Block 65, and Block 10.

The guidance on gross production block aggregate ranges between 660 thousand barrels oil equivalent per day to 690 thousand barrels oil equivalent per day of which about half is oil, which is around 320, and the gas is about two Bcf per day in terms of production with the gas being 55% at gross level.

Of course, oil crude is sold at the Oman Selling Price and the gas aggregates to about $3.2 per million BTU.

And as we highlighted previously, there is an escalation per year of 1.75% to 2% depending on which gas sales agreement we are looking at.

When it comes to the OpEx, OpEx sits under $10 per barrel oil equivalent.

Whereas CapEx aggregates to a range of $2 to $3 billion per year.

When it comes to the cost recovery limit, it's about 65% to 70% in the various petroleum contracts that we have today.

And when it comes to the profit share on the oil side, it's around 65% to 75%, and then the gas side it ranges between 45% to 50% throughout the life of the EPSA contract.

## SLIDE 8: FY2025 GUIDANCE (2/2) – OQEP LEVEL

### Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP

If you flip to the second page, here we show the weighted average of the working interest for OQEP, which is about 33% if you want to note the production, costs and the expenditures at the OQEP level. Of course, there are other small incomes which come from service contracts like Kareem (KSF) and Rima (RSF), and from Block 8 as well, and the tariff agreement that we have with MGP, and that amounts to about $100 million per year.

I just want to highlight indeed that the maximum leverage that we have today as Mr. Jaber highlighted, is one times net debt to EBITDA in the current oil price environment.

If we move to the next.

## SLIDE 9: STRATEGY – REINFORCE COMPETITIVE POSITIONING AND LEAD IN GAS AND DECARBONISATION

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

In this slide I give a briefing about our strategy, just to remind you all that OQEP intends to continue growing its portfolio as we've demonstrated in the past 15 years.

We will do that via selective participating interest investments. Participating, basically, and exercising our participating rights. And through selective acquisitions.

We will also maintain, replace and replenish our reserves; we have been achieving the desired target of 100% or close to it and we will continue to achieve that in the coming years.

We will continue to build our robustness when it comes to the financial delivery. So, in terms of EBITDA and our cash flow.

We will continue to de-risk our portfolio and maintain competitiveness and that we will do through basically looking at our projects and our agreements and make them as efficient and competitive as possible.

We will continue to expand our gas business. And maintain the balance of gas to oil.

With our intention to lower the carbon intensity, we promote the energy transition, and we will continue to maintain Oman as our committed investment landscape. And we will monitor basically the regional for potential growth.

## SLIDE 10: POSITIONED TO DELIVER VALUE THROUGH CYCLES

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

Last, as a reminder to OQEP's value delivery.

We are a crucial player in the Oman upstream landscape. We operate an attractive portfolio of oil and gas. And we have contributed significantly to the economy of Oman.

We have a proven track record of delivering projects and delivering value.

We demonstrate our ability to be the partner of choice to many IOCs in the country.

We have a high-quality portfolio of assets, mixed and balanced well between gas and oil. And we will continue to maintain that.

We will continue to demonstrate our decarbonisation intentions and use that in our oil and gas operations as we demonstrated with the latest LNG investment.

We will continue to deliver value to our shareholders and maintain the robustness of our financial generation ability, continue to be resilient, and maintain a low-cost asset base.

And mostly, self funding, our investment within our cash.

Lastly, we do have a seasoned leadership team, and we will continue developing our staff to take over senior placements in the company.

And we will continue our low emissions below the 14 Kilogram CO2 per barrel oil equivalent. At the moment, Block 60 is achieving 16 Kilogram CO2 per barrel oil equivalent.

With that, I leave it to Ridho to continue the management of this session.

**SLIDE 11: Q&A**

**Ridho Wahyudi, OQEP Investor Relations**

Thank you, Dr. Anwar. Now we will be entering question and answer session until 3:00 PM.

If you have a question, please use the raise hand option. And as a reminder, please restrict your question to two only.

**Ildar KHAZIEV, HSBC**

Yes, hello.

Thank you very much for the presentation and very detailed disclosure. I have a couple of questions on production. Can I ask you to share the split between oil and gas in the first quarter and how oil compares year on year?

To understand correctly that with the expansion at Bisat in Q3, is it fair to expect that production should increase? This will probably come with the higher water cut and which is why I think you seem to be guiding slightly higher OpEx per barrel?

Thank you.

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

Yeah, sure. Indeed. In terms of oil and gas split.

As I mentioned, at the moment, at gross level, we have about 55% gas in the portfolio but, of course remember that the gas portfolio brings also the valuable condensate. So that is, we shall maintain that split going forward.

When it comes to Block 60 expansion, we are expanding the facility to allow more oil and more gas to be processed from our flagship asset Block 60.

So, by the Q3 or let's say Q4, definitely additional production will be added. It will start slow, but that is all part of the business plan that we have made expectations for. We are aligning and positioning ourselves for increased production, Inshallah, the following year with this additional capacity and we are looking at growth projects that would utilize this expansion in capacity.

**Bishen Bhalla, Salim & Partners**

Thank you so much for the presentation and for this session.

You know couple of queries we had a call recently and I just wanted to sort of confirm my understanding with regards to the cash flow model.

So, our understanding is the way your oil pricing works is you take the last 30 days median price and that effectively is the price at which you sell the oil for the next 30 days, is that correct?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yes, that's correct. So, our oil price that we use is basically taken from as published by MEM. So, they take basically the average of the OEB price from Dubai Mercantile Exchange, and it is basically a one month look ahead.

**Bishen Bhalla, Salim & Partners**

For example, if yesterday was 7th of May, the preceding 30 days median price is what you would sell all today for the next consignment, correct?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Exactly. If we take the same example. So today, I mean now we are in May.

So now we know what is the oil price for June.

**Bishen Bhalla, Salim & Partners**

Fantastic.

So, my follow up question was that come May end, we would already know what the oil price is for the whole of June which effectively means by May end we'll have a fair idea of what the first half average oil price is. Is that correct?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yes.

**Bishen Bhalla, Salim & Partners**

Correct. OK.

So, now I'll just come on to my question directly. Now, during the IPO you had very clearly laid out your dividend policy, which was a fixed dividend paid over four quarters as well as a performance dividend which will be applicable from the first half of 2025 onwards. Now I completely understand the performance dividend is up to shareholder discretion but, given what you understand of average oil price for, let's say, now almost five and half months, and soon we'll have the six-month average oil price. What are your thoughts on the performance dividend with regards to the average oil price and let's assume if the average oil price for the first five and half months was $65 per barrel? What is your sort of cash flow model?

What is the cash flow model indicating on the indicative performance dividend if we just give us even without zooming into a number in terms of the performance dividend or just some sort of guidance on that?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yeah. So now we're doing our own analysis where it comes to assessing our cash position. So, as you might have seen we have very strong cash position as of end of March.

Now we're doing a forecast using the currently published June Price. But we are doing our assessment of the analysis of scenarios on the production numbers.

We're not yet basically, having an indicative amount on the June end cash position.

**Bishen Bhalla, Salim & Partners**

OK, even if you don't look at the end of June cash position, even if you were to sort of look at you know the past five and a half months, what does that indicate? Because those are already locked in, published, you know, public figures.

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yeah. So, the last five months, the average price was around $75 per barrel until May. June price that was published by MEM, it was around $67.7 per barrel.

And as I said, now we're doing the estimates of production for the rest of this month and then the month of June running different scenarios and hopefully that will be able to at least to come up with a rough number, we say 50/50, maybe by the end of this month.

**Bishen Bhalla, Salim & Partners**

OK, understood, so the follow up to that is you know you would obviously have the best idea out of sort of analysis as the investor community is to look at what the breakeven price would be to maintain the sort of fixed dividend per quarter, which of course you have a very strong cash position, but also from a performance dividend angle, performance dividend perspective, would that break even oil price be $60 per barrel, $55 per barrel, or $65 per barrel. Could you give us some insights to that?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

So, we run our sensitivities when it comes to oil prices, of course our first objective is to maintain the base dividend as we committed in our dividend policy. But then we run different scenarios at different oil prices to stress test basically our ability to pay the performance link dividends.

**Bishen Bhalla, Salim & Partners**

And if I may, then further ask what's the breakeven oil price to maintain your base dividend if the $600 million base dividend per annum, what's the average oil price for that? Let's not talk about the performance dividend. Is it $60? Is it $65? Is it $70?

Because that is pretty much your base dividend from operating cash flows, free cash flows, if you give us some insights into that, please.

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

So, we're doing now, currently our analysis and our scenarios and we would be in a position basically to come up with that maybe in the next few weeks.

**Bishen Bhalla, Salim & Partners**

OK. And then you know the build up to that is once you do those analysis and declare those numbers in due course of time, would that give us then a fair idea of what that performance dividend even if it were to be paid back calculated could lead to a breakeven oil price? Would that be the correct way to look at it?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yes, exactly. But, as I said, I mean these are all estimates and I mean when it comes to price, yeah, it is known. But, however, all I mean the other variable is the production which we are, basically, our aiming to maintain that along with the cost resilience that we're having, and the optimization that we're having within our portfolio.  Which we are, we're aiming to, basically, to conclude, Inshallah, by the next few weeks.

But just bear in mind that our financials will always be subject to audit.  And that's where our aim is so we're going inshallah to have H1 2025 audit. So that will, the results will be once we close June, we'll be audited by around July.  So that to have those all basically audited numbers.

**Bishen Bhalla, Salim & Partners**

Understood, and you did mention production now. Now there are three scenarios with regards to production: either it goes down because you do a divestment like you did previously; it remains where it is, and you do optimization and it incrementally goes up; and third is you do a Capex which in due course will lead to a higher production.  These are the three scenarios for the production number, right?  Because our number is known.  And the other factor production and these are the three scenarios that would govern production. Is that primarily correct?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

I would say production will either stay as per plan balanced or we could see improvements from what we are basically conducting in terms of optimization.

So, the third scenario is, I don't think it's on.

**Abbas Muslemi, U-Capital**

Thank you very much. This is Abbas Muslemi from U-Capital.

Thank you for the call. Just a couple of questions.

One is on the OpEx side.  You know what sort of cost optimization are you looking at and the scale of it given that oil prices, if oil prices were to stay low for longer in the $60 range, would you speak about, you know, the cost optimization opportunities on the OpEx side?  And also, any sort of rationalization of CapEx going forward and if there's a CapEx guidance?  If oil prices were to remain at the $60 mark, that's my question.

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

OK. On the OpEx side, it's to be honest with you, a continuous initiative with and without low, let's say, unchallenged oil prices.  We continuously improve on our operating expenditure.  We have demonstrated quite a number of, let's say well drilling duration, you know, savings.  So, well drilling duration got optimized and hence well drilling costs got optimized.

We also always, you know improve and have a look at our activities in the field to optimize them.

Shorter, you know shortening them, leading to cost, leading to cost reductions.

We have also, you know our DBOOM concept for the facilities where we are the facility provider.  The result for providing that facility, you know, on budget and on time.

So, these are typical OpEx, you know, reduction initiatives and these are industry standards to be honest with you and continuously we achieved savings.

When it comes to CapEx rationalization, there is no intention whatsoever by OQEP or the JV partners who are basically operating our JV assets to reduce CapEx at this moment in time. The CapEx is ongoing, of course we will do optimization.

If the oil price gets, you know, lower and lower then yes, I mean we could always, you know rationalize the CapEx if required. But we see. We see no reason to do any of this today with CapEx.

I hope this answers your query.

**Sandesh Shetty, U-Capital**

Hi, Sandesh Shetty from Ubhar Capital.

I wanted to ask a question on the gross CapEx. Could you please provide a breakdown on the gross CapEx, like how much is allocated for recurring and how much is allocated to the acquisition part?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

At the moment, to be honest with you, our CapEx is all either drilling well or facility expansion related. Remember that this addresses the assets that we operate ourselves and the assets that are operated by our partners: Shell, Total, BP, Eni and Occidental and others. So, the CapEx is not for acquisition at the, you know, as per the guidance; it's for drilling wells and increasing capacity in the facility.

**Ridho Wahyudi, OQEP Investor Relations**

I will read the chat box for AWS. The question is: Will there be a repurchase of shares through market stabilizer and liquidity provider?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

We can come back on that question at the later stage. I will not comment on it.

**Ildar KHAZIEV, HSBC**

Just to come back to this topic of production in your outlook for the full year 2025, I think you gave a range of between 220 to 230 kboepd. Where is the delta coming from? Is it from oil or from gas, and maybe if you could actually give us a split again for oil and gas for the full year in your guidance, that'd be very helpful. Thank you so much.

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

OK. The production for 2025 is indeed in the range you mentioned, and the delta could be slightly gas, but it's mainly oil. It depends on the optimization activities in the ongoing oil related, you know, blocks, Block 53, Block 9, and also Block 65 are all undergoing, you know, drilling, of course, as you know, we plan on certain well delivery, let's say from drilling and we put our, you know, range, basically, to cater, for you know, improvements in production.

We always carry out optimization activities also in existing wells, you know, things like simulations, acidizations and so on, and that's an ongoing, you know, practice in oil and gas wells, so mostly oil, but it could be some gas as well from the likes of Block 60 Abu Butabul gas from the likes of Block 65 gas as well, which is produced as associated.

I hope this addresses your query.

**Ildar KHAZIEV, HSBC**

Yes, thank you so much.

And basically it's the same ratio, 55% for gas or 45% for oil. We should apply this range for 2025?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

I would keep it at that at gross level, you know, indeed, yes.

**Colin Smith, Oman Investment Bank**

Yes, thank you for taking my question. I have two please. Can I start with a question on exploration and specifically on Block 54? Just what do you expect the work programme to look like and what are you hoping to achieve with the block?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

OK, so block 54 is a promising oil block and that's why OQEP was highly interested in taking that block. It has an existing well and the first program that we will do in the block is to attempt to access the existing well and immediately test it. And if the test is viable, immediately produce it.

So, this is, you know, part of what we could achieve in terms of small oil additions but the rest of the program on the block will contain, you know, the acquisition of seismic, the geological studies in the block, and potentially drilling one or two new oil exploration wells. So, this in a nutshell, is the program.

**Colin Smith, OIB**

And are those wells commitment wells?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

We do have commitment wells at the moment indeed. Basically, seismic and one well is commitment. But usually we do more than the commitment depending on what program we follow and depending on how much appraisal we would like to achieve before we basically develop the acreage.

**Colin Smith, OIB**

OK. That's helpful. And then my second question is on Block 61. Could you just comment about whether you think the negotiations to develop the additional resource will be completed this year and also confirm that your share of that gross resource is not in your current 2P reserves?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

OK, I can confirm that the study which led to an FDP update would lead to reserves higher than the 2P. It's accessing more than indeed the 2P. And the government has to approve that FDP. And it's going really nicely. The FDP most likely will be approved by the end of 2025 or early 2026. Although all the technical work has been done for the FDP, but it is waiting for a FID on the monetization scheme. And the monetization scheme, as you may have seen publicly, it's going to get a new LNG train investment. Basically, FID will take place for the train in 2026 and this additional gas from Block 61 is feeding into that. It's a very good, lucrative project for QQEP, as you know has 30% in that in that block, and we look forward to basically taking the additional gas, monetising it and through the LNG investment that OQEP, along with the operator, BP, and the other parties in the block, are very willing to FID, Inshallah, in 2026.

**Joice Mathew, United Securities**

Thank you Ridho and thank you gentlemen for the presentation. Congratulations on the good set of numbers.

See my first question is on your guidance. You have reduced your gas price outlook for 2025 from $3.5 earlier to $3.2. Could you please explain, what are the reasons for this; and also in addition to that, you have also increased your OpEx and CapEx guidance for 2025, earlier OpEx was between $7 to $9 per barrel and now you're talking about less than $10. And your CapEx guidance was $2 billion earlier and now you're talking about $2 to $3 billion? So, could you please explain why are you increasing? Why are you looking at higher OpEx and CapEx in a declining oil price scenario?

**Dr. Anwar Alkharusi, Chief Commercial Officer, OQEP**

Very good question. Let me take the first one. So, the first one on the gas, it's mainly a volume equation. We had basically a turnaround in Block 61. So, the amount of gas is slightly reduced compared to last year. Because of the turnaround that took place in quarter one in Block 61 and Block 61 is significant, basically, gas volume and the price of that gas volume basically impacts the aggregate weighted average. So that's the reason for your first question.

The second question about OpEx and CapEx. You know our OpEx, we say below $10. It is below $10, so it's really around $9 per barrel oil equivalent, and I could say that this could be from some of the expensive production that we have perhaps related to the steam flood of Block 53. But soon we will have a revision on that number because of the new fiscals that we have negotiated with the government which reduces the operating expenditure on that block. So, the guidance of last year, $7 to $9, we are around $9, and it is going to be lowered, Inshallah, once we finalize the negotiation of Block 53 fiscal.

Same with the CapEx. I guess the increase in CapEx is related to the to the ongoing growth projects of Marsa train one, so that is an expansion. We have expansion also in Block 53 itself with wells, you know, being drilled. We have more wells in Block 65, so I presume part of the CapEx goes to these ongoing blocks.

**Joice Mathew, United Securities**

Thank you for that. Next one is related to the dividends. I understand during the presentations, you have said that the $600m base dividend will be maintained for the next two years. But in in this quarter, what I'm seeing is your receivables have increased by almost OMR 60 million and I assume these are primarily, you know, amounts due from other operators. I just wanted to check if this is a normal operating scenario that we are looking at, will there be ups and downs in receivable changes? And when do you expect this amount to be received and added to that?

I have a hypothetical question. What if you don't receive this amount by end of June? Will it impact your performance dividend decisions? I understand you have a strong cash balance, but I'm just looking at the free cash flow aspect of this.

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Thank you for the question and the analysis.  So, in fact, basically, we had high receivables indeed in Q1 and subsequent to that we basically made a collection and the amount that was collected is around OMR 196 million that already received. And as we speak now basically the balance that is still to be to be collected is around OMR 70 or 80 million.

So, it is not going to be the situation going forward. There were certain receivables from our JV partners, and also from the IGC, which is the company that we sell gas to, as well as the government for the service contracts.  But as I mentioned the collections were made around 15 April, so now we have that cash in.

**Joice Mathew, United Securities**

So, this is 196 million dollars, right?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

No, Omani Riyals, because if you see the receivables in the financials that we disclosed, as of the end of March, we had 279 million Omani Riyal.

**Ridho Wahyudi, OQEP Investor Relations**

Thank you, Joice.  Now I will take a question from the chat box.

**The question:**

Can you explain more the nature of relation between OQEP and Abraj because it was mentioned in the financial statement that the difference between first quarter 2025 and first quarter 2024 is the disposal of Abraj operation?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

So, until basically the first half of last year, OQEP used to own around 51 percent of Abraj, a publicly listed entity, so 49 percent is basically owned by the public and 51% was owned by OQEP until June last year.

We made a decision of transferring that ownership to our main shareholder, OQ SAOC.  So since then, from the second-half of last year, Abraj is not anymore within the OQEP entities.

**Ridho Wahyudi, OQEP Investor Relations**

Thank you, Mr. Jaber.

So for the sake of time now I think this is the last question.

**Mr. Abdul Rahim**

I just wanted to ask about the performance-linked dividends over the next two years. Will they remain as stated in the prospectus, or are there any expected changes? And the second question is regarding the performance dividends expected in the upcoming and following quarter—approximately how much will they be?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Thank you for your question. Regarding the first point, the cash dividends that were mentioned in the prospectus— the company remains committed to those for the years 2025 and 2026. Thankfully, the company’s financial and cash performance is strong and supports its ability to meet those commitments.

As for your second question about performance-based dividends, as I mentioned at the beginning of this session, we are currently in the process of reviewing this matter. The assessment depends on the oil prices realized through to June, along with production estimates up to that period. Based on that, we will determine the size of the performance-linked dividend

**Mr. Abdul Rahim**

Do you mean June 2025?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

Yes, June 2025.

**Mr. Abdul Rahim**

Good, how will dividends look after June?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

As for post-2026 dividends, they will be discussed by management and the Board of Directors, and we will also consult with the relevant regulatory authority—FSA. Disclosure on that is expected at the beginning of next year during the general shareholder meeting.

**Mr. Abdul Rahim**

Thanks, the company is strong. But why is the stock price performing this way?

**Mr. Jaber Al Noumani, Chief Financial Officer, OQEP**

The share performance is tied to the market overall, particularly global geopolitical factors. We are part of this world and not isolated from it. However, as disclosed, the company’s performance remains strong, and we are continuing our operations steadily. This, Inshallah, will not impact the cash dividends to shareholders.

**Mr. Abdul Rahim**

Thank you

**Ridho Wahyudi, OQEP Investor Relations**

Thank you, Mr. Abdul Rahim. Let's conclude our call for today.

Thanks again for your participation. If you have any follow up questions, please contact the IR team. You can find out contact details on OQEP website.

A transcript of the call will also be available on our website next week.

Thanks again and have a good weekend ahead. Thank you.