

MASIRAH OIL LIMITED

**Report and financial statements
for the year ended 31 December 2025**

MASIRAH OIL LIMITED

Report and financial statements for the year ended 31 December 2025

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Independent auditor's report to the Shareholders of Masirah Oil Limited

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Opinion

We have audited the financial statements of **Masirah Oil Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 financial statements section of our report. We are independent of the Company 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 other ethical requirements that are relevant to the audit of the financial statements in 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.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the IASB and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the Shareholders of Masirah Oil Limited (continued)

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte & Touche
Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
31 May 2026



MASIRAH OIL LIMITED

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**Statement of financial position
As at 31 December 2025**

	Notes	2025 US\$'000	2024 US\$'000
ASSETS			
Non-current assets			
Property and equipment	5	321	502
Exploration and evaluation assets	6	464	-
Oil and gas properties	7	35,883	44,901
Total non-current assets		36,668	45,403
Current assets			
Inventories	8	2,396	1,512
Trade and other receivables	9	1,543	18,797
Due from related parties	20	820	502
Other financial asset	22	1,685	-
Cash and cash equivalents	10	22,495	3,424
Total current assets		28,939	24,235
Total assets		65,607	69,638
EQUITY AND LIABILITIES			
Equity			
Share capital	11	45,189	45,189
Shareholders' contribution	11	79,665	79,665
Accumulated losses		(106,587)	(83,020)
Total equity		18,267	41,834
Non-current liabilities			
Provision for assets retirement obligation	12	11,954	13,851
Loan from related parties	20	22,204	-
Employees' end of service benefits	13	430	302
Total non-current liabilities		34,588	14,153
Current liabilities			
Loan from related parties	20	4,196	-
Due to related parties	20	2,873	2,364
Trade and other payables	14	5,683	11,287
Total current liabilities		12,752	13,651
Total liabilities		47,340	27,804
Total equity and liabilities		65,607	69,638

**Director**

The accompanying notes form an integral part of these financial statements.

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2025**

	Notes	2025 US\$'000	2024 US\$'000
Revenue	15	30,502	53,207
Direct cost	16	(40,961)	(46,769)
		<u>(10,459)</u>	<u>6,438</u>
Other income		561	1,327
Administrative and general expenses	17	(7,308)	(9,511)
Finance income	19	-	508
Finance costs	18	(1,479)	(829)
		<u>(18,685)</u>	<u>(2,067)</u>
Loss before tax			
Income tax	21	(4,882)	(10,746)
		<u>(23,567)</u>	<u>(12,813)</u>
Loss and total comprehensive loss for the year			

The accompanying notes form an integral part of these financial statements.

MASIRAH OIL LIMITED

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**Statement of changes in equity
for the year ended 31 December 2025**

	Share capital US\$'000	Shareholder's contribution US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2024	59,735	79,665	(70,207)	69,193
Buyback of shares (note 11)	(14,546)	-	-	(14,546)
Loss and total comprehensive expense for the year	-	-	(12,813)	(12,813)
At 1 January 2025	45,189	79,665	(83,020)	41,834
Loss and total comprehensive expense for the year	-	-	(23,567)	(23,567)
At 31 December 2025	45,189	79,665	(106,587)	18,267

The accompanying notes form an integral part of these financial statements.

**Statement of cash flows
for the year ended 31 December 2025**

	2025 US\$'000	2024 US\$'000
Cash flows from operating activities		
Loss before tax	(18,685)	(2,067)
<i>Adjustment for:</i>		
Revenue gross up for income tax	(4,882)	-
Depreciation	210	270
Employees' end of service benefits	128	144
Depletion expense	6,955	18,769
Unwinding charge	952	748
Operating cash flows before changes in working capital	(15,322)	17,864
<i>Changes in working capital:</i>		
Trade and other payables	(5,604)	7,984
Inventories	(1,145)	199
Due from / to related parties	191	(4,903)
Trade and other receivables	17,254	(22,768)
Net cash used in operating activities	(4,626)	(1,624)
Cash flows from investing activities		
Additions to exploration and evaluation assets	(464)	-
Additions to property and equipment	(29)	(46)
Additions to oil and gas properties	(525)	(29,640)
Net cash used in investing activities	(1,018)	(29,686)
Cash flows from financing activities		
Dividend paid	-	(420)
Hedging fee paid	(1,685)	-
Loan proceeds from related parties	28,012	20,000
Loan transaction cost paid	(1,612)	-
Net cash from financing activities	24,715	19,580
Net change in cash and cash equivalents during the year	19,071	(11,730)
Cash and equivalents at beginning of year	3,424	15,154
Cash and cash equivalents at end of year (Note 10)	22,495	3,424

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2025****1. Legal status and principal activities**

Masirah Oil Limited (“the Company”), incorporated on 2 April 2009 in British Virgin Islands as a private company under the BVI Business Companies Act 2004. The principal activities of the Company are drilling of oil and natural gas wells and providing services incidental to extraction of petroleum and natural gas.

The Company operates through its branch in the Sultanate of Oman (“The Branch”). These financial statements include the results and financial position of the branch based on transactions recorded in the Branch’s accounting record. The Company itself does not have any other operations.

Exploration and Production Sharing Agreement (EPSA) was entered on 28 February 2011 with the Government of the Sultanate of Oman for the Block 50 concession area in the Sultanate of Oman (the “concession agreement”). The concession agreement gives the Company rights for the exploration of oil and gas through the Branch in Oman for initially 3 years up to 27 February 2014 with the option of a further 3-year extension. The Ministry of Energy and Minerals (“MEM”), previously known as Ministry of Oil and Gas Oman, had further extended period by 3 years up to March 2020 to drill more wells.

During 2020, one well was successfully drilled which led to successful flow of crude oil. Following the successful of flow from Yumna 1 well, the request for approval of the Yumna Field Development Plan was endorsed on 24 June 2020. MEM vide letter MO/M/2/2734/2020 has granted the approval of the Declaration of Commerciality (DOC) on 12 July 2020. There is an agreement for a 10-year production phase on Yumna after DOC, or until the field waters out, whichever is the sooner.

During 2022, the Company commenced drilling campaign as submitted to MEM for two wells, one exploration cum development well (Yumna 4) and work-over for Yumna 3. Even though exploration of Yumna 4 deep has not yet turned successful, Yumna 4 development well went into production from January 2, 2023.

During 2024, the Company commenced drilling campaign as submitted to MEM for four wells, one development well (Yumna 5) and three work-over (Yumna 2, Yamuna 3 and Yamuna 4).

During 2025, the Company commenced drilling campaign as submitted to MEM for three wells, two developments (Yumna 7 and 8) and one work-over (Yumna 6).

The Company is 87.5% (2024: 87.5%) subsidiary of Rex Oman Limited (“the Holding Company”). Rex International Holding Limited (“the Ultimate Holding Company”) is ultimate controlling party of the Company as it holds 100% indirect shareholding in the Holding Company. Shareholding of the Company is disclosed in note 11.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

2. Adoption of new and revised international financial reporting standards (IFRS) as issued by the International Accounting Standard Board (IASB)

2.1 New and amended IFRS accounting standards as issued by IASB applied with no material effect on the financial statements'

In the current year, the Company has applied the following amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2025.

- Amendment to IAS 21 - Lack of Exchangeability

2.2 New and revised IFRS accounting standards as issued by IASB standards and interpretations but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards –Volume 11 - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows	1 January 2026
Amendments to IFRS 9 and IFRS 7 - Contracts referencing Nature-dependent Electricity	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures Amendment in IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture	1 January 2027 Effective date deferred indefinitely. However, early adoption is still permitted.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some paragraphs from IAS 1 have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****2. Adoption of new and revised international financial reporting standards (IFRS) as issued by the International Accounting Standard Board (IASB) (continued)****2.2 New and revised IFRS accounting standards as issued by IASB standards and interpretations but not yet effective (continued)**

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss.
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.
- Improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The management of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

3. Accounting policies**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that have been measured at fair value or at amortised cost. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account those characteristics of the asset or liability, that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis.

Functional and presentation currency

Management uses USD for controlling and maintaining the performance and financial position of the Company. The revenue and majority of the Company's costs are in USD hence the financial statements have been presented in US Dollars ("US\$"), which is the functional currency of the Company. The Branch operates in a country which has OMR as its currency. Since majority of the Branch's revenue and cost are in USD, the functional currency of the Branch is also USD. All financial information presented in USD Dollars has been rounded to the nearest thousand.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

3. Accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and any identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. 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 Company and the cost of the item can be measured reliably.

Depreciation on assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	years
Leasehold improvement	20
Office furniture and fittings	10
Office equipment	5
Computers	3
Plant and Machinery	5

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Exploration and evaluation expenditure**

Exploration and Evaluation activity (E&E) involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before acquisition of the legal rights to explore an area are recognised in profit and loss.

E&E costs are capitalised on full cost method in respect of area of interest for which the rights to explore are current and where:

- (i) The E&E expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- (ii) E&E activities in the area of interest have not at the reporting date reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the areas of interest are continuing.

E&E assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

General and administrative costs are allocated to, and included in, the cost of E&E assets only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

E&E assets are transferred to development costs, a component of E&E assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for area of interest in conjunction with the group of operating assets (representing a CGU) to which the E&E is attributable. To the extent that capitalised E&E is not expected to be recovered, it is charged to profit or loss. When production commences, the accumulated costs for the relevant area of interest are reclassified to "oil and gas properties".

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Costs of site restoration**

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the concession site.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss. The estimated interest rate used in discounting the cash flow is reviewed at least annually. Any change in the expected future cost, interest rate and inflation rate is reflected as an adjustment in the provision for decommissioning costs of the corresponding oil and gas asset. The provision represents the present value of decommissioning costs which are expected to be incurred prior to handing over the oilfield to Government of Oman.

Oil and gas properties

Oil and gas properties arise from the reclassification of exploration and evaluation assets once commercial viability and technical feasibility are established and production commenced.

Oil and gas properties are measured at cost less accumulated depletion and accumulated impairment losses. The accumulated costs for the relevant area of interest are depreciated using a unit-of-production method over proved and probable reserves. The unit-of-production rate for the accumulated costs takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped and probable reserves expected to be processed through these common facilities.

Inventories

Inventories of petroleum products and spare parts are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated selling expenses.

Cost of petroleum products is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and processing expenses. Cost of spare parts is calculated based on weighted average purchase cost.

Taxation

Under the BVI Business Companies Act 2004 the Company is exempted from income tax. Income tax on Oman Branch shall be determined and discharged by the Government of Oman in view of Article 13 of "Exploration and Production Sharing Agreement" (EPSA).

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Provision**

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Cash and cash equivalents

For the purpose of the statement of cash flows, all bank balances with a maturity of less than 3 months are considered to be cash equivalents.

Finance income and cost

Finance income and costs are accounted for on accrual basis using effective interest rate method.

All interest and other costs incurred in connection with borrowings are expensed as incurred, as part of financing costs and are accounted for on accrual basis, except that the interest costs incurred on borrowings specifically undertaken to finance the construction of qualifying assets, are capitalised along with the cost of the asset during the construction period.

Employees' end of service benefits

End of service benefits for Omani employees are contributed in accordance with the terms of the Social Security Law of 1991.

End of service benefits of expatriate employees are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the new Oman Labour Law 2023 issued by Royal Decree 53/2023, and its amendments. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Financial instruments

IFRS 9 Financial Instruments introduces principle-based requirements for the classification of financial assets. The Standard contains two primary measurement categories for financial assets: amortised cost and fair value. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Notes to the financial statements for the year ended 31 December 2025 (continued)

3. Accounting policies (continued)

Initial recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents;
- Loan to related parties;
- Trade and other receivables;
- Amounts due to related parties;
- Trade and other payables; and
- Other financial asset.

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss account.

Financial assets at fair value through other comprehensive income

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Financial assets at initial recognition may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- b) The liabilities are part of a Company of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- c) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Financial instruments (continued)****Subsequent measurement and gain or losses***Financial assets**Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the statement of profit or loss.

*Financial assets at fair value through other comprehensive income**a) Debt instruments*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the statement of profit or loss account.

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Financial instruments (continued)****Reclassification***Financial assets*

The Company only reclassifies financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

If the Company determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting year (the reclassification date). Prior years are not restated.

Financial liabilities

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Derecognition*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- c) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of profit or loss and other comprehensive income is recognised in the statement of profit or loss.

Any cumulative gain/loss recognised in the statement of profit or loss and other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognised in the statement of profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Financial instruments (continued)****Derecognition (continued)***Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on all its financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance at an amount equal to 12-month ECL at the current reporting date; or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company always recognises lifetime ECL for all its financial assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

When estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Company's historical experience and informed credit assessment and including forward-looking information.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****3. Accounting policies (continued)****Financial instruments (continued)****Impairment of financial assets (continued)**

The Company considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of future economic scenarios, discounted at the asset's EIR.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss and other comprehensive income as applicable.

Notes to the financial statements for the year ended 31 December 2025 (continued)

3. Accounting policies (continued)

Financial instruments (continued)

Write - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Revenue

Revenue from sale of crude oil and gas in the ordinary course of business is recognised when the Company satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue is recognised at point in time upon delivery of crude oil to the customers based on pre-established contracts. This revenue is then distributed monthly to the Government and MOL as per the provisions of EPSA under Article 11.

Step 1: Revenue (production per month x monthly price) is first used to recover the recoverable costs incurred. The Contractor may recover the recoverable costs of up to a maximum of 50% of sales that month. The production used to recover recoverable costs is called 'Cost recovery oil'.

Step 2: After such recovery under step 1, the remainder (called as profit oil) of the production is then distributed between the Government and MOL in the below ratios:

- Up to 10,000 barrels per day – 70% and 30% for Govt and MOL respectively.
- 10,001 to 20,000 barrels per day – 75% and 25% for Govt and MOL respectively.
- Above 20,000 - 80% and 20% for Govt and MOL respectively.

The Company can recover a maximum of 65% [50% as cost recovery oil) + (20% x 50% of profit oil)], except for one sale which was made in September with a one-time MEM approval for 70% recovery. Which is accounted for as the Company's revenue during the year.

MEM is paid Profit Oil as soon payment is realised from party. MEM is provided invoice at the time of oil sold for reference and record.

Notes to the financial statements for the year ended 31 December 2025 (continued)

4. Critical accounting judgments and key source of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements are as follows:

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that 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 itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact the point of deferral of exploration and evaluation expenditure. The Company's accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established and executed successfully. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Company in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and making geological judgements. Because the economic assumptions change from period to period and the Company is still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it based on the units of production relative to the total proven and probable reserves.

Notes to the financial statements for the year ended 31 December 2025 (continued)

4. Critical accounting judgments and key source of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depletion

The net book value of oil and gas properties are depreciated on a unit-of-production basis over the total proven and probable reserves of the field concerned. In arriving at the net book value of oil and gas properties, significant assumptions in respect of depletion charge have been made. These significant assumptions include the estimate of the oil reserves and the unit-of-production rate. The unit-of-production rate for the accumulated costs is based on management's assessment considering expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to undeveloped and probable reserves expected to be processed through these common facilities.

Impairment of non-financial assets

Non-financial assets assets are assessed for impairment when facts and circumstances suggest that the carrying amount of a non-financial asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a CGU) to which non-financial assets is attributable. To the extent that capitalised asset is not expected to be recovered, it is charged to profit or loss. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit ("CGU") and choose a suitable discount rate in order to calculate the present value of those cash flows. Judgement and estimates are required in the determination of appropriate inputs to derive at forecasted cash flows and the discount rate. The carrying amount of the Group's non-financial assets are disclosed in the following notes:

- Exploration and evaluation assets Note 6
- Oil and gas properties Note 7

Provision for assets retirement obligation

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Notes to the financial statements
for the year ended 31 December 2025 (continued)

5. Property and equipment

Cost	Leasehold improvement US\$'000	Office Furniture and fittings US\$'000	Office equipment US\$'000	Computers US\$'000	Plant and Machinery US\$'000	ROU Assets US\$'000	Total US\$'000
At 1 January 2024	38	97	26	382	923	272	1,738
Additions for the year	-	1	1	20	24	-	46
At 1 January 2025	38	98	27	402	947	272	1,784
Additions for the year	-	2	-	7	20	-	29
At 31 December 2025	38	100	27	409	967	272	1,813
Accumulated depreciation							
At 1 January 2024	38	53	19	295	335	272	1,012
Charge for the year (note 17)	-	13	6	64	187	-	270
At 1 January 2025	38	66	25	359	522	272	1,282
Charge for the year (note 17)	-	9	1	23	177	-	210
At 31 December 2025	38	75	26	382	699	272	1,492
Net book value							
At 31 December 2025	-	25	1	27	268	-	321
At 31 December 2024	-	32	2	43	425	-	502

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

6. Exploration and evaluation assets

	2025 US\$'000	2024 US\$'000
At 1 January	-	-
Additions during the year	464	-
At 31 December	464	-

7. Oil and gas properties

	2025 US\$'000	2024 US\$'000
At 1 January	44,901	31,817
Additions during the year	525	31,853
Change in decommissioning provision	(2,849)	-
Others	261	-
Depletion during the year (Note 16)	(6,955)	(18,769)
At 31 December	35,883	44,901

Type	Valuation technique	Significant unobservable inputs	Interrelationship
Oil and gas properties and exploration and evaluation assets.	<i>Discounted cash flows ("DCF")</i> : The valuation model considers the present value of expected returns, discounted using a risk-adjusted discount rate for the period of 5 years (2024: 3 years).	<ul style="list-style-type: none"> - Risk adjusted discount rate: 12.35% (2024: 12.35%). - Oil price USD 61.42 to USD 69.21 per barrel (2024: price USD 72.95 to USD 73.85 per barrel) - Proved and probable reserves 4.9 million barrels of oil (2024: 3.1 million barrels of oil) 	The estimated fair value would increase / (decrease) if: <ul style="list-style-type: none"> -the oil price were higher / (lower) - the risk adjusted discount rate were lower / (higher).

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil and gas products it produces. The Company continuously evaluates and assesses opportunities for hedging as part of a prudent financial risk management process.

The Company entered into put options contract to manage significant reductions in crude oil prices:

	2025 '000
Quantity (bbl per month)	Ranging from 24 - 56
Strike price (US\$/bbl)	55
Effective date	January 2026 December 2026

Sensitivity analysis

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

7. Oil and gas properties (continued)

A 10% change in the oil and gas prices at the reporting date would have changed the profit or loss by the average amounts shown below:

	2025
	US\$'000
10% Increase	
Sale of crude oil and gas	2,420
10% Decrease	
Sale of crude oil and gas	1,980

8. Inventories

Inventories cost represents the oil lifted in the tanker at reporting date, which is yet to be sold.

9. Trade and other receivable

	2025	2024
	US\$'000	US\$'000
Trade receivables	-	18,469
VAT receivable	188	241
Other receivables	1,355	87
	1,543	18,797

10. Cash and cash equivalents

	2025	2024
	US\$'000	US\$'000
Bank at balances	22,493	3,422
Cash in hand	2	2
	22,495	3,424

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

11. Equity

Share capital

The Company's authorized share capital consisting of 500,000 (2024: 500,000) ordinary shares. Issued and fully paid-up share capital comprises of USD 45.189 million, consisting of 100,000 ordinary shares (2024: USD 45.189 million, consisting of 100,000 ordinary shares).

Shares are held among shareholders as follows.

	Number of shares		%Share holding	
	2025 USD	2024 USD	2025 %	2024 %
Rex Oman Limited	87,500	87,500	87.5%	87.5%
Petroci Holding	12,500	12,500	12.5%	12.5%
	100,000	100,000	100%	100%

During the year 2024 the Company repurchased 102,000 shares amounting to USD 14.546 million from Rex Oman Limited and the consideration was adjusted through settlement of loan receivable from Rex Oman Limited (note 20).

Ordinary shares

Ordinary shares entitle its holder to dividends which may be paid-out subject to eligibility, for evaluation of the Company's financial year results for the relevant period/year.

Shareholders' contribution

Shareholders' contribution of USD 79.665 (2024: USD 79.655) million represents of funds provided by the Shareholders and is unsecured, interest free and repayable at the discretion of the Company.

12. Provision for assets retirement obligation

	2025 US\$'000	2024 US\$'000
At 1 January	13,851	10,890
Reversal / (addition) provision during the year	(2,849)	2,213
Unwinding charge (note 18)	952	748
At 31 December	11,954	13,851

Provisions are recognised for the future cost of decommissioning and restoration of hydrocarbon production assets, facilities and pipelines, which are expected to be incurred when the operations are abandoned. Estimates of the amounts of provisions recognised are based on current legal and constructive obligations, technology and price levels. These estimates including discount rates, are reviewed regularly to take into account any material changes to the assumptions. Future asset retirement obligations are calculated using the discount rate of 6.7% (2024: 6.7%) and inflation rate of 2.0% (2024: 2.5%). There has been a reduction in the inflation rate due to market conditions.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

13. End of service benefits

	2025	2024
	USD	USD
At 1 January	302	158
Charge for the year (note 17.1)	128	144
At 31 December	430	302

14. Trade and other payables

	2025	2024
	US\$'000	US\$'000
Trade payables	4,792	3,108
Accruals and provision for bonus	891	8,179
	5,683	11,287

15. Revenue

	2025	2024
	US\$'000	US\$'000
In Sultanate of Oman		
Revenue from sale of crude oil – point in time	30,502	53,207

16. Direct cost

	2025	2024
	US\$'000	US\$'000
Exploration and evaluation expenses	46	171
Production and operating expenses		
- Facility operations and maintenance	24,291	18,554
- Supply boats, fuel, logistics and base	9,287	9,055
- Pipeline tariff and tanker operations	382	220
Depletion of oil and gas properties (note 7)	6,955	18,769
	40,961	46,769

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

17. Administrative and general expenses

	2025	2024
	US\$'000	US\$'000
Professional fees	224	1,436
Depreciation (note 5)	210	270
Employee cost and related benefits (note 17.1)	3,819	4,414
Travelling and entertaining expenses	84	146
Technical allocation and management fees (note 20)	1,113	1,497
Fees paid under EPSA	600	600
Other costs	1,258	1,148
	7,308	9,511

17.1 Employee cost and related benefits

	2025	2024
	US\$'000	US\$'000
Salaries, wages and allowances	3,434	3,978
End of service benefits (note 13)	128	144
Other employee related costs	257	292
	3,819	4,414

18. Finance cost

	2025	2024
	US\$'000	US\$'000
Bank charges	45	60
Unwinding charge (note 12)	952	748
Interest on borrowing	350	-
Interco loan interest	35	-
Foreign exchange loss	97	21
	1,479	829

19. Finance income

	2025	2024
	US\$'000	US\$'000
Interest income on loan	-	479
Interest income on savings account (Short term Deposit)	-	29
	-	508

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

20. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties comprise of the shareholders, the Directors of the Company, their close family members and businesses under its control together with the Company's key management personnel. The Company's transactions with related parties are authorised by the management on mutually agreed terms.

(a) At the reporting date, balances with related parties were as follows:

	2025 US\$'000	2024 US\$'000
Due from related parties		
Rex International investment Pte Ltd – <i>fellow subsidiary</i>	149	-
Rex Oman Ltd. – <i>shareholder</i>	-	408
Akkrake Petroleum – <i>fellow subsidiary</i>	671	73
Lime Petroleum Holding – <i>fellow subsidiary</i>	-	21
	<u>820</u>	<u>502</u>
Due to related parties		
Rex International Holding Ltd – <i>ultimate parent Company</i>	1,721	1,895
Rex International Holding Ltd, BVI – <i>fellow subsidiary</i>	375	-
Jasmine Energy Ltd - <i>fellow subsidiary</i>	194	-
Rex International investment Pte Ltd – <i>fellow subsidiary</i>	326	205
Rex Technology Investments Pte Ltd – <i>fellow subsidiary</i>	250	250
Mercia Investment Pte Ltd - <i>fellow subsidiary</i>	7	14
	<u>2,873</u>	<u>2,364</u>
Loan from related parties		
Jasmine Energy Ltd – <i>fellow subsidiary</i>	25,000	-
Rex International Holding Ltd, BVI – <i>fellow subsidiary</i>	2,635	-
Petroci Holding. – <i>shareholder</i>	377	-
Less: Deferred loan costs	<u>(1,612)</u>	<u>-</u>
	<u>26,400</u>	<u>-</u>

During the year ended 2025, the Company received a USD 25 million loan from Jasmine Energy Ltd under a back-to-back arrangement in connection with its bond issuance. The bonds carry a 14% per annum interest rate and a three-year tenor, which are mirrored by the loan. The facility, equal to the net proceeds of the bonds, was used to fund the Company's operating account in accordance with the bond terms.

In addition, the Company received a USD 3 million subordinated loan from its shareholders, in proportion to their shareholdings, as required under the bond terms. This loan bears interest at the same rate and is unsecured and fully subordinated to the secured obligations and the rights of the secured parties in accordance with the bond terms and subordination agreement.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

20. Related parties (continued)

Loan to related party

During the previous year the loan receivable from Rex International Investment Pte Ltd amounting to USD 20 Million has been received fully. Out of the loan receivable from Rex Oman Limited, an amount of USD 5.65 Million was settled against the payable to the and the remaining USD 14.547 Million was settled through a reduction in the share capital (note 11).

(b) The nature of significant related party transactions and the amounts involved are as follows:

	2025	2024
	US\$'000	US\$'000
Technical allocation and management Fee- Rex International Investment Pte Ltd	179	340
Technical allocation and management Fee - Rex International Holding Ltd	934	1,189
Interest expense – Rex International Holding Ltd, Singapore	7	-
Interest expense – Rex International Holding Ltd, BVI	10	-
Interest expense – Jasmine Energy Ltd	194	-
Interest expense – Petroci Holding	1	-
Interest income – Rex International Investment Pte Ltd	-	73
Interest income – Rex Oman Ltd	-	406
Interco recharge income– Rex International Investment Pte Ltd	563	-
Consultancy Fees- Dr Rab Narayan Bastia	-	17
Consultancy Fees- Mercia Investment Pte Ltd	82	54
Key management personnel remuneration		
Short term benefits (Salaries and wages including other allowances)	1111	1,025
Post-employment benefits	61	53
	1,172	1,078

Rex International Investment Pte Ltd and Rex Technology Investments render technical services and Rex International Holding renders management services to Masirah Oil Limited. These have been included in the administration expenses in the financial statements. Amount due to from related parties carries interest and amount due to related parties are interest free and repayable on demand.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

21. Taxation

Revenue from Exploration Production Sharing Agreements (EPSAs) is taxed at the rate specified in the Income Tax Law which are paid by the Government from their share of profit oil. Under the terms of the EPSA, the Company is subject to Omani income taxes at a rate of 55% which are paid in full on behalf of the Company by the Government from the Government's share of the profit oil. Hence, the tax is presented as an expense in the statement of profit or loss.

22. Other financial assets

	2025 US\$'000	2024 US\$'000
Derivates not designated as hedging instruments		
Put options contracts	1,685	-

Derivatives not designated as hedging instruments reflect the positive change in fair value of those put options contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of price risk on crude oil products.

23. Financial risk management

The Company's activities expose it to a variety of financial risks including effects of changes in market risk, (including foreign currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Risk management is carried out by the management under policies approved by the directors.

Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from foreign currency exposures primarily from the Rial Omani, though its transactions are predominantly in US Dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Since the Rial Omani is pegged to the US Dollars, foreign exchange risk is considered to be minimal.

Interest rate risk

The Company's cash and cash equivalents are placed in a call account. Interest rate on loan from related party is fixed. The Company is therefore not subject to significant interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from trade receivables, bank balance and due from a related party.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

23. Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk on amount due from a related party and balance with a bank is limited to their carrying values at the reporting date as follows:

		2025 US\$'000	2024 US\$'000
Trade and other receivable		1,543	18,797
Bank at balances		22,493	3,422
		<u>24,036</u>	<u>22,219</u>
<i>Bank balances:</i>	Moody's Rating	2025 US\$'000	2024 US\$'000
National Bank of Oman SAOG	Ba3	1,991	3,023
Sohar International Bank	Ba2	4	4
United Overseas Bank Limited	Aa1	20,495	386
Union Bancaire Prive'e	Aa2	3	9
		<u>22,493</u>	<u>3,422</u>

With respect to exposures with bank balances, management considers the credit risk exposure to be minimal as the Company deals with the reputed local bank and international bank. Impairment on bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that the bank balances have low credit risk based on the external credit rating of the counterparties.

Due from a related party:

Management considers credit risk exposures from related party balances to be immaterial, therefore no provision of the expected credit loss has been made in these financial statements.

Liquidity risk

In accordance with prudent liquidity risk management, the directors aim to maintain sufficient cash balances. Additional funding is provided by the shareholders on a 'cash call' basis. The Company ensures that it receives funds in advance from the shareholders by way of cash call to meet its expenses, which are estimated by the Company on a quarterly basis.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash at the end of each quarter.

The Company's financial liabilities comprise of trade and other payables and due to related parties. The contractual cash flows against trade and other payables are expected to equal the carrying value. No significant impact of discounting is expected on Company's financial liabilities as these balances are expected to be settled in the next twelve months from the reporting date.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)**

23. Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount US\$'000	Contractual cashflow US\$'000	Up to 1 year US\$'000
31 December 2025			
Trade and other payables	5,683	5,683	5,683
Due to related parties	2,873	2,873	2,873
Loan from related party	26,392	25,000	25,000
	<u>34,948</u>	<u>33,556</u>	<u>33,556</u>
31 December 2024			
Trade and other payables	11,287	11,287	11,287
Due to related parties	2,364	2,364	2,364
	<u>13,651</u>	<u>13,651</u>	<u>13,651</u>

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders/member's, issue new shares or call for member's contribution.

24. Commitments and contingencies

Commitments

The Company has capital commitments and contingences of USD Nil at 31 December 2025 (31 December 2024: USD 0.4 million).

25. Events after the reporting period

Geopolitical conflict

Subsequent to the end of the reporting period, geopolitical tensions in the Middle East have escalated, contributing to increased macroeconomic uncertainty and heightened volatility in global oil and gas markets. These developments include potential disruptions to regional production activities, elevated risks to key shipping routes, and increased geopolitical risk premiums, which have collectively contributed to higher crude oil and natural gas prices and greater uncertainty across global supply chains.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****25. Events after the reporting period (continued)*****Geopolitical conflict (continued)***

Management continues to closely monitor the evolving situation and assess its potential impact on the Group's operations and financial position. Based on the information currently available, there has been no disruption to the Group's operations, including production activities in Oman, which continue to operate as normal. The Company's management continues to monitor the operations of the Company in this uncertain environment and takes necessary steps, where possible, to mitigate any negative effects.

Subsequent to the reporting date in March 2026, the geopolitical tensions and conflict in the Middle East have disrupted global oil supply chains, particularly due to security concerns surrounding oil infrastructure and shipping routes in the Strait of Hormuz, which accounts for approximately 20% of global oil supply. As a result of these disruptions, global crude oil prices increased significantly after the reporting date, with benchmark crude oil prices rising above US\$100 per barrel, representing the first-time prices have exceeded this level since 2022.

Management has considered this development as part of its assessment of events occurring after the reporting date in relation to the impairment assessment of the Group's oil and gas properties as at 31 Dec 2025.

However, the conflict and the associated oil price movements occurred after the reporting date and therefore do not provide evidence of conditions that existed as at 31 December 2025. In accordance with IAS 10, this represents a non-adjusting event arising after the reporting period, and accordingly no adjustment to the carrying value of the Group's oil and gas properties is required as at the reporting date.

Legal case

On 16 April 2026, the Company received a force majeure notice from Prive Overseas Marine LLC ("Owners"), the owner of the M/T "PS FALCON" floating storage unit currently operating offshore Oman, asserting that the Vessel's location has become dangerous due to geopolitical tensions in the region and demanding relocation or termination of the Charterparty dated 10 July 2025. The Owners subsequently notified their intention to commence arbitration proceedings seeking declaratory relief and damages.

However, the Company's legal counsel has advised that the Owners face significant difficulties in establishing their claims under the Charter's express terms:

- (i) The specific area around Oman is not designated as a "War like Operations Area" by the Lloyd's Market Committee, no increase in war risks insurance premiums has been reported, and no hostile activity has been documented in the region since early March 2026;
- (ii) The Charter expressly contemplates vessel relocation as an operational contingency rather than a force majeure event, and the force majeure clause requires that consequences be incapable of being overcome, which is not the case here;
- (iii) The Owners continue to receive full hire payments and have not been deprived of substantially the whole benefit of the contract, undermining any claim of repudiatory breach; and
- (iv) The Owners' force majeure notice contains material procedural defects, including referring only to a "potential intention" to terminate rather than a definitive intention as required by the Charter.

**Notes to the financial statements
for the year ended 31 December 2025 (continued)****25. Events after the reporting period (continued)***Legal case (continued)*

Based on this legal assessment, the Company's position is considered strong, no financial loss has been incurred till the issuance of these financial statements, and the probability of an unfavorable outcome is assessed as remote. This matter is disclosed as a non-adjusting subsequent event.

26. Going concern

During the year, the Company incurred loss of 23.6 million (2024: 12.8 million), and as of 31 December 2025 the Company's accumulated losses amounted to 106.6 million (2024: 83.0 million). The management based on the following has, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

- The Company has surplus current ratio of 16.2 million (2024: 10.6 million);
- In the current year the Company has have found new oil reserves in the similar vicinity and have obtained a funding for the new project;
- Majority of the shareholder has confirmed their intention to continue to provide financial support to the Company for at least 12 months from the date of signing of the financial statements for the year ended 31 December 2025, to enable the Company to discharge its liabilities to other parties as they fall due.

27. Approval of financial statements

The financial statements were approved by the shareholders and authorized for issue on 31 May 2026.