

First quarter report – 31 March 2021

First quarter 2021 (fourth quarter 2020)

- The Tethys Oil operated Thameen-1 well on Block 49 drilled, logs indicating a 40 metre gross hydrocarbon column, in testing operations no flows to surface were recorded, analysis of results ongoing
- Farmout transaction with EOG in Block 49 concluded, initial consideration of MUSD 8.8 received
- Farmin transaction with Medco on Block 56 concluded, initial consideration of MUSD 5.0 paid
- Third consecutive quarter of increased production, 5 percent higher than in the fourth quarter 2020
- First quarterly operating profit since the first quarter 2020
- Continued free cash flow positive, and a net cash balance of MUSD 57
- On 8 April 2021 Tethys Oil established a new dividend policy

MUSD (unless specifically stated)	First quarter 2021	Fourth quarter 2020	First quarter 2020	Full year 2020
Net daily production from Oman, Blocks 3&4 before government take (barrels per day)	11,585	11,072	13,032	11,336
Net entitlement barrels (bbl)	518,895	529,699	585,801	2,157,385
Net entitlement as share of production (percent)	50%	52%	49%	52%
Achieved oil price, USD/bbl	46.7	42.3	63.1	47.7
Revenue and other income	25.4	22.3	37.3	101.1
EBITDA	12.3	10.2	21.9	50.4
Operating result	1.7	-0.7	9.2	5.8
Net result for the period	3.0	-2.9	12.1	3.3
Earnings per share (after dilution), USD	0.09	-0.09	0.35	0.10
Investments in oil and gas properties	0.5	11.0	15.4	45.4
Free cash flow	2.3	9.0	9.2	6.7
Net cash	57.0	55.1	78.0	55.1

Tethys Oil AB (publ)

Tethys Oil is a Swedish oil company with focus on onshore areas with known oil discoveries. The company's core area is the Sultanate of Oman, where it holds interests in Blocks 3&4, Block 49, Block 56 and Block 58. Tethys Oil has net working interest 2P reserves of 26.9 mmbo and net working interest 2C Contingent Resources of 13.9 mmbo and had an average oil production of 11,336 barrels per day from Blocks 3&4 during 2020. The company's shares are listed on Nasdaq Stockholm (TETY). Website: www.tethysoil.com

Letter to shareholders

Dear Friends and Investors,

The drilling of the Thameen-1 exploration well stands out as quite a transformational event for Tethys Oil and certainly as the most significant event during the first quarter 2021. The well was drilled to a depth of more than 4,000 metres and logging, sidewall coring and well testing was carried out. No flows were recorded at surface, but down hole fluid samples were collected and the logs indicated a gross hydrocarbon column of close to 40 metres in the main target – the Hasirah sandstone. All this data is now being analysed.

So the jury is still out on the Thameen-1 well, but irrespective of what the data analysis will tell us over the coming weeks and months, the well is a solid operational success. Thameen -1 has firmly re-established Tethys Oil as an upstream operator and the results to date have significantly upgraded the prospectivity of Block 49. Through the farmout to EOG Resources, completed during the quarter, Tethys Oil's cost for the well was negligible and EOG adds a wealth of expertise and experience to the joint venture which will come in handy in unlocking the hydrocarbon potential of Block 49 that Thameen-1 suggests is there.

And the operating responsibilities do not end with the drilling of the Thameen-1 well. During the quarter Tethys Oil also assumed operatorship of the very promising Block 56, after closing the farmin transaction with Medco for an additional 45 percent interest in the license, bringing Tethys Oil's interest to 65 percent. Block 56 holds the Al Jumud discovery, an area which will be the object of an appraisal program of up to three wells later in the year, and a string of leads in the central part of the Block. A seismic campaign to further evaluate these is currently being designed.

While on the subject of designing seismic surveys it is well worth mentioning that we are in the same process on our third operated Block, Block 58. That Block holds several very interesting leads that we are eager to upgrade to prospects with the help of additional seismic.

So Tethys is indeed at a transformational stage as the day-to-day focus of our efforts more and more is directed towards delivering growth from our operated Blocks. We have showed that we are a fully-fledged operator, and now for three Blocks.

But of course, our non-operated licence, Blocks 3&4, will continue to be of great importance to us. We will continue to be an active partner in the licence that is the source of our current production and cash flow. It receives the bulk of our capital expenditure and provides the cash flow that funds our exploration activities in our operated Blocks as well as the cash that underpins our distribution to shareholders. And Blocks 3&4 continues to have material exploration potential, which is currently being put to the test by the drilling of Safi-1 and additional exploration wells to be drilled later this year.

We have had a very active 2021 so far but we remain aware that the pandemic is not over and while vaccines are being rolled out, we must remain careful and vigilant for some time to come. An element of optimism seems however to prevail in the financial markets. The oil market has returned to more balanced conditions, and prices have come back. Our production levels have also increased and amounted in the first quarter to 11,585 barrels of oil per day - five percent higher than the previous quarter. Together with higher prices our revenues and other income increased with 14 percent to MUSD 25.4. Likewise, our EBITDA increased 21 percent and amounted to MUSD 12.3. During the quarter, free cash flow was MUSD 2.3 and we ended the quarter with a healthy net cash of MUSD 57.

And do not forget that the pricing of our sales lag the market with two months so we have not yet seen the impact of the current USD 60+ per barrel in our reported revenues, but will see the impact in the coming quarters.

In April we announced a changed dividend policy. For those of you who have followed us in recent years it should come as no surprise that we aim to balance growth investments with a long-term sustainable and growing distribution to shareholders funded by cash flow from producing assets. For 2021, the board has recommended to the AGM in May 2021 to distribute SEK 4 per share to our shareholders through dividend and redemption shares.

In 2021 we have seen an increasing focus on ESG: Environment, Social and Government. Tethys Oil of course welcomes this increased focus. Environmental awareness and social responsibility have always been an integral part of our way of doing business. To update you further on Tethys Oil and ESG I invite you to read our newly

published Sustainability Report for 2020, available on our website. Our ESG think emanates from our Scandinavian roots, and we intend to remain a sustainable oil company in the modern world!

So stay with us! 2020 was a year of perseverance and resilience. We look at 2021 to be a year of transformation.

Stockholm, May 2021

Magnus Nordin,

Managing Director

Production & Operations¹

Licences

Tethys Oil's core area is onshore in the Sultanate of Oman ("Oman"), where the Group holds interest in four exploration and production sharing agreement ("EPSA") per 31 March 2021:

License Block	Area (km ²)	Interest %	Phase	Expiry date	Partners (operator in bold)
Blocks 3&4	29,130	30	Production phase	December 2024	CCED , Mitsui, Tethys Oil
Block 49	15,439	50	Initial exploration phase	December 2021	Tethys Oil , EOG
Block 56	5,808	65	Second exploration phase	December 2023	Tethys Oil , Medco, Biyaq, Intaj
Block 58	5,809	100	Initial exploration phase	July 2023	Tethys Oil

The model Omani EPSA has two three-year exploration phases followed by a production phase. The production phase can only be entered into following a declaration of commerciality. The duration of the production phase is dependent upon the EPSA and in the case of Tethys Oil's agreements lasts between 15-30 years.

Production

Blocks 3&4

Tethys Oil's share of production from Blocks 3&4 during the first quarter 2021, before government take, was 1,042,686 barrels of oil, corresponding to 11,585 barrels of oil per day. First quarter 2021 average daily production was higher than the production in the fourth quarter 2020 as Blocks 3&4 was permitted to continue to produce at a level higher than the previously communicated production quotas, as a result of OPEC+ production limitations. The OPEC+ agreement is still in force and Blocks 3&4 remains subject to production limitations. The production from Blocks 3&4 has been permitted to deviate from the quotas on a monthly basis, and may do so going forward. There is readiness to continue to produce above quotas if permitted.

Production	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Blocks 3&4					
Production, before Government take, bbl	1,042,686	1,018,653	979,922	964,299	1,185,945
Average daily production, barrels per day	11,585	11,072	10,651	10,597	13,032

Production and development activities

During the quarter there has been a stepwise increase in production related activities on Blocks 3&4 with the aim of returning to the activity level before the mid-2020 cutbacks. One of the drilling rigs that was put on standby mid-2020 has been reactivated and is in operation since early April. The third idle drilling rig is expected to be put into operation later in the second quarter or early in the third quarter 2021.

Operational focus during the first quarter 2021 has continued to be primarily on projects critical for safety and asset integrity and on completion of de-bottlenecking initiatives.

Two new production wells were completed during the quarter, and both wells have been connected to production facilities. One well was drilled at the Erfan field, and the other well was drilled at the I-structure at the Shahd field.

Since the outbreak of the coronavirus pandemic, rigorous testing and quarantining procedures to mitigate the spread of the virus at operating facilities have been in place.

Exploration activities

The process of maturing leads into prospects north of the Farha South field in Block 3 continues. Following the completion of the 4,000 km² 3D seismic survey in 2020 the entire area to the north of the Farha South field in

¹ The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil", "Tethys" or the "Group"), in which group Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the first quarter 2021.

Block 3 is now covered. Multiple leads have been identified within the area, including leads in previously untested oil plays.

The exploration well Anan-1 was successfully drilled in the fourth quarter 2020. The well had good oil flow rates from target formation Khufai and was put on a long-term production to evaluate the discovery. The well continued to produce with good oil flows in the first quarter 2021, and a second appraisal/production well in the Anan structure is being planned later in the year.

The exploration well Safi-1 was spudded early in the second quarter 2021 about 7.5 km north of Shahd H. The Safi-1 is a near field exploration well with the Khufai layer as main target. Khufai is the producer in neighbouring Shahd H structure

Block 49

Drilling operations of the Thameen-1 exploration well commenced on 31 December 2020 and the well reached its total depth by late February 2021. Logs indicated a gross hydrocarbon column of close to forty metres in the primary target, the Hasirah Sandstone. A well testing programme was launched, but no flows were recorded at surface. Sidewall cores, fluid samples and pressure data will be further analysed together with an extensive log analysis and the result of the analysis is expected in the coming months. The well has been suspended to allow re-entry at a later date. The results so far substantially upgrade the hydrocarbon potential of Block 49.

The well was designed to be drilled to a depth of about 4,000 meters with the Late Ordovician Hasirah Sandstone layer at a depth of 3,500 metres true vertical depth (“TVD”) as the primary target. The secondary target was the Mid-Ordovician Saih Nihayda Sandstone at a depth of 3,700 metres (TVD). In addition, the well was to investigate the shallower Gharif Sandstone as well as collect data to further enable an assessment of the hydrocarbon potential of the block, both conventional and unconventional.

The drill site was located within the northern part of Block 49 near the village of Marsudad in the Wilayat of Muqhsin in the South West of the Sultanate of Oman within the Governate of Dhofar. Abraj Energy Services was contracted for the provision of the Abraj-204 drilling rig used in the drilling of the well.

Drilling and testing operations were completed without accident or incident.

During the first quarter 2021 government approval was received for the farmout transaction with a subsidiary of EOG Resources Inc. (“EOG”). Under the agreement Tethys Oil has farmed out 50 percent in the EPSA in exchange for reimbursement of historic costs and carry for the Thameen-1 exploration well to a value of up to MUSD 15. Following the transaction Tethys Oil and EOG have 50 percent interest each and EOG retains an option to increase its interest in respect to unconventional exploration on the block and assume operatorship in exchange for further, contingent, consideration. See page 9 for financial effects of the farmout transaction.

Block 56

The planning of a drilling campaign consisting of up to three wells to further evaluate the Al Jumd area in the north western part of the Block has been initiated. Work on maturing leads to prospects in the Al Jumd area (which includes the Al Jumd discovery) is ongoing. Drilling will aim to establish the commerciality of the Al Jumd discovery as well as confirm the overall prospectivity of the area. The first well is planned to be drilled in the fourth quarter 2021.

In addition, planning and tendering of a 3D seismic survey in the central area of the Block is also well underway. The central area holds a number of attractive leads identified on legacy 2D seismic that warrant further investigation and require more detailed data.

In the first quarter 2021, the farmin agreement with Medco Arabia Ltd (“Medco”) for a 45 percent interest the EPSA for Block 56 received government approval, and the transaction has subsequently been finalised. As a result of the transaction, Tethys Oil has increased its interest from 20 to 65 percent and assumed operatorship of Block 56. See page 9 for financial treatment of the transaction.

Block 58

The review of legacy 3D seismic data continued in the first quarter. In addition, reprocessing of legacy 3D seismic data is being prepared along with planning of new seismic acquisition. The new seismic survey is planned to be acquired later this year and the procurement process has started.

Investments and work program 2021

Tethys Oil expects total investments in oil and gas properties for 2021 of MUSD 47, of which investments on Blocks 3&4 is expected to amount to MUSD 32. The focus of the work program on Blocks 3&4 is continued development drilling, upgrading infrastructure with focus on asset integrity and debottlenecking, continue the gas utilisation project and the drilling of exploration wells. The work programme on Block 49 is expected to amount to less than MUSD 5 (following the closing of the EOG farmout) with the main target to complete drilling, testing and evaluation of Thameen-1 exploration well. The work programme on Block 56 is expected to amount to MUSD 5 (on 65 percent basis including carried interest following completion of the farmin) and is centred on evaluating the Al Jumd area by drilling up to three wells and planning of a 3D seismic acquisition in the central area of the block. The work programme on Block 58 is expected to amount to MUSD 5 with focus on reprocessing of legacy 3D seismic data and acquiring new 3D seismic.

Financial and Production Guidance

Tethys Oil expects production to continue to fluctuate on a monthly basis. The OPEC+ production limitation agreement is still in place and oil demand may remain volatile as the Covid-19 pandemic is ongoing. For the time being, the Company elects to not issue any guidance regarding production, operating expenses and net entitlement but will continue to publish monthly production updates.

Financial Review

Income Statement

Production entitlement and sales

Tethys Oil's revenue derives from its 30 percent interest in Blocks 3&4. The basis for the revenue is its share of the joint operation's entitlement production, which is the oil net of the government's take. The production entitlement ("Net Entitlement") is made up of Cost Oil and Profit Oil. The Cost Oil is determined by the availability of recoverable costs spent in the period and the balance of unrecovered historical cost ("the Cost Pool") and capped to a fixed share of total production in the period. What remains after the deduction of Cost Oil is Profit Oil, the majority of which is the government's take according to a fixed percentage.

During the first quarter 2021, the level of production, value of recoverable costs incurred, and achieved oil price resulted in a Net Entitlement of 50 percent, lower than in the fourth quarter 2020 (52 percent). During the first quarter 2021 the cost pool for Blocks 3&4 was fully recovered leaving a balance of MUSD - (MUSD 1.8).

Production entitlement and sales	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Blocks 3&4					
Production, before Government take, bbl	1,042,686	1,018,653	979,922	964,299	1,185,945
Net Entitlement barrels, bbl	518,895	529,699	509,559	532,325	585,801
Net Entitlement share of production, percent	50%	52%	52%	55%	49%
Oil sales bbl	367,726	547,338	416,162	545,986	808,389
Underlift (+) / overlift (-), movement, bbl	151,169	-17,638	93,397	-13,661	-222,588
Underlift (+) / overlift (-), closing position, bbl	148,000	-3,169	14,469	-78,928	-65,267

During the first quarter 2021, Tethys Oil sold 367,726 barrels of oil from Blocks 3&4 compared to 547,338 barrels of oil in the fourth quarter 2020, a decrease of 33 percent. The decrease in oil sales was a result of the March oil nomination of 189,871 barrels being lifted in April due to logistical reasons. As a consequence the resulting revenue from the delayed lifting will be recognised in the second quarter 2021.

Oil sales volumes are nominated two to three months in advance and are not based upon the actual production in a month; as a result, the Group's oil sales volumes can be above or below production entitlement volumes. Where the oil sales volume exceeds the volume of entitlement barrels produced, an overlift position occurs and where it is less, an underlift position occurs. Tethys Oil is contractually obliged to maintain a neutral under-/overlift position over time. Tethys Oils lifting position changed during the first quarter to an underlift position at 31 March 2021 of 148,000 barrels from an overlift position of 3,169 barrels at 31 December 2020.

Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. Tethys Oil's monthly sales are priced using Oman's Official Selling Price (OSP) which is calculated using the monthly average price of the front month futures contract of Oman blend (with 2 months to delivery) as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

Revenue and other income

Tethys Oil's Revenue and other income is comprised of revenue from oil sold in the period and an underlift/overlift adjustment.

The achieved oil price in the first quarter 2021 amounted to USD 46.7 per barrel, an increase of USD 4.4 per barrel, or 10 percent, from USD 42.3 per barrel in the fourth quarter 2020. The achieved oil price in the first quarter reflects the pricing of the January and February liftings and is therefore USD 2.7 per barrel lower than if the March nomination had been included.

Revenue and other income	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Achieved Oil Price, USD/bbl	46.7	42.3	42.8	34.3	63.1
Revenue, MUSD	17.2	23.1	17.9	18.7	51.0
Underlift (+) / overlift (-), adjustment, MUSD	8.2	-0.8	2.5	2.4	-13.7
Revenue and other income, MUSD	25.4	22.3	20.4	21.1	37.3

Revenue in the first quarter 2021 was MUSD 17.2 compared to MUSD 23.1 in the fourth quarter 2020, a decrease of 26 percent. The decrease is a result of the delayed March lifting to April which will be recognised as revenue in the second quarter 2021. The resulting underlift, and movement from an overlift to underlift position in the first quarter, gives rise to a positive underlift adjustment of MUSD 8.2 (MUSD -0.8). Revenue and other income in the first quarter 2021 amounted to MUSD 25.4 compared to MUSD 22.3 in the fourth quarter 2020. The increase of 14 percent is a result of the higher achieved oil price offsetting a lower net entitlement.

Operating expenses

Production costs relate to oil production on Blocks 3&4, and comprise expenses for throughput fees, energy, consumables, equipment rental, field staff and maintenance, as well as administration, including operator overhead.

Operating expenses	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Production costs, MUSD	10.7	9.1	8.8	9.6	12.7
Well workovers, MUSD	1.2	0.9	0.5	0.8	1.0
Total operating expenses, MUSD	11.9	10.0	9.3	10.4	13.7
Operating expenses per barrel, USD	11.4	9.8	9.5	10.8	11.6

Operating expenses, including costs for well workovers and interventions, for the first quarter 2021 amounted to MUSD 11.9 and were higher than the fourth quarter 2020, when operating expenditure amounted to MUSD 10.0. Operating expenditure has increased as a result of increased production as higher cost wells that were shut in for a period in 2020 were brought back online. Production costs also increased sequentially as a result of the yearly bonus and benefit payments were paid out in the first quarter.

Depletion, depreciation and amortisation

DD&A	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
DD&A, MUSD	10.6	10.8	10.5	10.4	12.7
DD&A per barrel, USD	10.2	10.6	10.7	10.7	10.6

Depletion, depreciation and amortisation ("DD&A") during the first quarter 2021 amounted to MUSD 10.6, compared to MUSD 10.8 in the fourth quarter 2020. The lower DD&A in the first quarter is a result of a lower calculated depletion rate offsetting the effect of higher production volumes. DD&A includes depreciation of MUSD 0.1 relating to leases under IFRS 16.

Administrative expenses

Administrative expenses for the first quarter 2021 amounted to MUSD 1.2 compared to MUSD 2.1 in the fourth quarter 2020. Administrative expenses mainly comprise of staff costs, rents, listing costs and external services. Administrative expenses in the fourth quarter 2020 included accruals for the annual variable compensation to

management and staff. Following determination of variable compensation, excess accruals amounting to MUSD 0.4 were reversed, impacting first quarter expenses positively.

Operating result and EBITDA

The operating result in the first quarter 2021 amounted to MUSD 1.7 compared to MUSD -0.7 in the fourth quarter 2020. The increased revenue and other income more than offset the increased operating expenses resulting in a return to operating profit for the first time since the first quarter 2020. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to MUSD 12.3 (MUSD 10.2) in the first quarter 2021, an increase of 21 percent compared to the fourth quarter 2020.

Net financial result

The net financial result in the first quarter 2021 amounted to MUSD 1.3 compared to MUSD -2.2 in the fourth quarter 2020. The net financial result for the first quarter 2021 mainly comprises of currency exchange gains resulting from the appreciation of the SEK to the USD. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash items.

Tax

Tethys Oil's oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement for each block ("EPSA") whereby Tethys Oil receives its share of oil after government take. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil, from the government share of oil. The effect of these taxes is netted against revenue and other income in the income statement.

Result

Tethys Oil's net result after tax for the first quarter 2021 was MUSD 3.0, representing earnings per share (after dilution) of USD 0.09. The result for the first quarter 2021 was higher compared to the fourth quarter 2020 when the net result amounted to MUSD -2.9, with earnings per share (after dilution) of USD -0.09.

Netback

Netback, USD per barrel	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Oil price achieved	46.7	42.3	42.8	34.3	63.1
Net revenue (after government take)	23.2	22.0	22.3	18.9	31.2
Operating expenses	11.4	9.8	9.5	10.8	11.6
Netback	11.8	12.2	12.8	8.1	19.6

Netback per barrel decreased in the first quarter 2021 compared to the fourth quarter 2020 due to the higher operating expenses. The higher achieved oil price offset the lower net entitlement to give a higher Net revenue in the first quarter.

Financial treatment and effects of farmin and farmout transactions

The farmout agreement with EOG for 50 percent interest in the EPSA for Block 49 was concluded in the first quarter 2021 following the receipt of government approval. Following completion, the initial cash consideration (relating to reimbursement of historically incurred cost under the EPSA) of MUSD 8.8 was received which reduced oil and gas properties with the corresponding amount. Under the terms of the farmout, EOG agreed to carry the total cost of the Thameen-1 well up to a cap of MUSD 15.0 (net of the initial consideration amount). Expenditure exceeding the agreed MUSD 15.0 consideration cap is split according to interest between the partners unless agreed otherwise. The amounts carried by EOG and its net share of expenditure in excess of the consideration cap has been booked as a receivable and amounted to MUSD 8.3 per 31 March 2021.

The farmin agreement with Medco for a further 45 percent interest in the EPSA for Block 56 was concluded in the first quarter 2021 following the receipt of government approval. Upon completion Tethys Oil paid the MUSD 5.0 initial consideration which has been recorded as oil and gas properties. As a part of the consideration Tethys Oil will carry Medco's 5 percent interest up to a value of MUSD 2.0.

Financial position and cash flow

Assets and equity

The Group's total assets at 31 March 2021 amounted to MUS\$ 279.6 (MUS\$ 280.3) of which MUS\$ 205.3 was Oil and Gas properties (MUS\$ 215.3). Shareholder's equity at 31 March 2021 was MUS\$ 258.3 compared to MUS\$ 257.7 at 31 December 2020.

Balance sheet	31 Mar-21	31 Dec-20	30 Sep-20	30 Jun-20	31 Mar-20
Non-current assets					
Oil & Gas Properties	205.3	215.3	212.9	214.8	214.7
Other fixed assets	0.2	0.3	0.4	0.4	0.4
Current Assets					
Other current assets	17.1	9.3	13.6	5.8	14.7
Cash & Equivalents	57.0	55.4	48.3	60.1	78.2
Total assets	279.6	280.3	275.2	281.1	308.0
Shareholders' equity	258.3	257.7	260.1	261.3	279.8
Non-current liabilities	12.7	12.8	10.6	10.7	10.7
Current liabilities	8.6	9.8	4.5	9.1	17.5
Total Equity & Liabilities	279.6	280.3	275.2	281.1	308.0

Liquidity and financing

Cash and equivalents as at 31 March 2021 amounted to MUS\$ 57.0 compared to MUS\$ 55.4 as at 31 December 2020. Net cash at 31 March 2021 was MUS\$ 57.0 compared to MUS\$ 55.1 at 31 December 2020. See page 18 for reconciliation between cash and net cash.

Cash flow and investments

Cash flow	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Cash Flow from Operations	2.8	19.6	-3.1	10.8	24.7
Cash flow from Investments	-0.5	-10.6	-8.6	-10.6	-15.5
Free Cash flow	2.3	9.0	-11.7	0.2	9.2
Cash flow from Financing Activities	-0.7	-1.8	-	-18.2	-5.8
Period Cash Flow	1.6	7.2	-11.7	-18.0	3.4

During the first quarter 2021, cash flow from operations amounted to MUS\$ 2.8 (MUS\$ 19.6) impacted by a negative change in working capital of MUS\$ -9.0 (MUS\$ 9.7).

Investments, MUS\$	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Drilling	2.5	3.9	3.5	5.4	6.6
G&G	1.0	1.3	1.4	1.7	4.8
Facilities	1.4	2.6	1.6	2.6	3.4
Total investments Blocks 3&4	4.9	7.8	6.5	9.7	14.8
Block 49	-9.4	2.9	0.5	0.7	0.4
Block 56	5.0	0.2	-	-	0.0
Block 58	0.0	0.2	1.6	-	-
Total investments in Oil & Gas properties	0.5	11.0	8.6	10.4	15.1
Other	-	-0.4	-	0.2	0.1
Total investments	0.5	10.6	8.6	10.6	15.2

In the first quarter total investments decreased to MUS\$ -0.5 (MUS\$ -10.6). Capital investments on Blocks 3&4 was lower across all categories compared to the fourth quarter 2020. Capital investments on Block 49 were negative

as proceeds from the completion of the farm-out transaction with EOG more than offset the expenses incurred from the drilling and testing activities on the Thameen-1 exploration well (see page 9). Investments on Block 56 represent the upfront cash consideration paid to Medco in conjunction with the closing of the farm-in transaction in the first quarter 2021.

Cash flow from financing activities in the first quarter was MUSD -0.7 resulting from the share buyback programme. Free cash flow (cash flow after investments) was MUSD 2.3 (MUSD 9.0) and cash flow for the period was MUSD 1.6 (MUSD 7.2).

Parent Company, Dividend & Share data

Parent company

The parent company net result after tax for the first quarter 2021 was MSEK 15.5 compared to MSEK 26.2 in the fourth quarter 2020. Administrative expenses in the first quarter 2021 amounted to MSEK 6.1 compared to MSEK 12.7 for the fourth quarter 2020. Administrative expenses in the fourth quarter 2020 included accruals for variable compensation to management and staff. Following determination of variable compensation to management, excess accruals of MSEK 2.6 were reversed, impacting first quarter expenses positively.

The Net financial result in the first quarter 2021 amounted to MSEK 17.6 (MSEK 42.9). The Net financial result consisted primarily of currency exchange gains on intercompany loans, cash and payables of MSEK 12.5 (MSEK -18.2) and interest income of MSEK 5.1 compared to MSEK 3.7 for the fourth quarter 2020.

Share data

As at 31 March 2021, the total number of issued shares in Tethys Oil AB was 33,056,608, with a quota value of SEK 0.18 (SEK 0.18). All shares represent one vote each.

On 11 December 2020, the Board of Directors decided, based on the authorisation from the AGM 2020, to initiate a share buy-back programme. According to the guidelines for the programme, purchases could be made at one or several occasions up to and including 8 February 2021 and up to a total value of MSEK 42. During the first quarter 2021 Tethys Oil repurchased 120,088 shares. The total volume of Tethys Oil shares which have been repurchased within the scope of the programme from 11 December 2020 up to 8 February 2021 amounts to 435,640 shares, which is also the number of shares held in treasury Tethys Oil as at 31 March 2021. There has been no active share buy-back programme after 8 February 2021. For the complete repurchase authorisation, please refer to Tethys Oil's website, www.tethysoil.com.

Tethys Oil currently has three active warrant-based incentive programmes for employees, (for further information please see Note 10) which, if exercised can result in the issuance of up to 1,141,000 new shares (a potential 3.5 percent increase of current shares in issue). During the first quarter 2021 the Tethys Oil share price was above the subscription price of one of the three programmes for a part of the period, thus resulting in a calculated potential dilution effect on the average number of shares outstanding.

Dividend and Distribution

The board of directors has proposed to the 2021 AGM a dividend of SEK 2.00 per share (AGM 2020: SEK 2.00).

In addition to the dividend, the board of directors has proposed an extraordinary distribution to shareholders of SEK 2.00 per share by way of a mandatory share redemption programme following the 2021 AGM (AGM 2020: SEK 3.00). Further details regarding record dates can be found in the proposals to the 2021 AGM on Tethys Oil's website, www.tethysoil.com.

On 8 April 2021 Tethys Oil's established a new dividend policy for the group.

“Tethys Oil aims to provide a long-term sustainable and growing ordinary dividend funded by cash flow from its producing assets. Distributions to the shareholders must always be aligned with the Company's long term operational and financial commitments, market conditions and access to external funding. In order to enable the company to optimise its capital structure, further shareholder distribution may be carried out by various methods such as redemption shares or share repurchases.”

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	First quarter 2021	First quarter 2020	Full year 2020
Revenue and other income	3	25.4	37.3	101.1
Operating expenses		-11.9	-13.7	-43.4
Gross profit		13.5	23.6	57.7
Depletion, depreciation and amortisation	2, 5	-10.6	-12.7	-44.5
Exploration costs		-	-	-0.0
Share of net profit/loss from associates		-	-	-
Administrative expenses	2	-1.2	-1.7	-7.3
Operating result		1.7	9.2	5.8
Net financial result	4	1.3	2.9	-2.5
Result before tax		3.0	12.1	3.3
Income tax		-	-	-0.0
Net Result		3.0	12.1	3.3
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences		-1.6	-2.8	3.7
Other comprehensive income		-1.6	-2.8	3.7
Total comprehensive income		1.4	9.3	7.0
Attributable to:				
Shareholders in the parent company		1.4	9.3	7.0
Non-controlling interest		-	-	-
Number of shares at period end		33,056,608	36,294,960	33,056,608
Weighted average number of shares (before dilution)		32,634,916	34,114,223	33,321,353
Weighted average number of shares (after dilution)		32,671,608	34,140,779	33,328,099
Earnings per share (before dilution), USD		0.09	0.35	0.10
Earnings per share (after dilution), USD		0.09	0.35	0.10

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	31 Mar 2021	31 Dec 2020
ASSETS			
Non-current assets			
Oil and gas properties	5	205.3	215.3
Other fixed assets		0.2	0.3
		205.5	215.6
Current assets			
Other receivables	6	16.7	9.1
Prepaid expenses	6	0.4	0.2
Cash and cash equivalents		57.0	55.4
		74.1	64.7
TOTAL ASSETS		279.6	280.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		0.2	1.8
Retained earnings		181.0	178.8
Total shareholders' equity		258.3	257.7
Non-current liabilities			
Non-current provisions	7	12.7	12.5
Other non-current liabilities	8	0.0	0.3
		12.7	12.8
Current liabilities			
Accounts payable and other current liabilities	9	8.6	9.8
		8.6	9.8
Total liabilities		21.3	22.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		279.6	280.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Attributable to shareholders of the parent company					
MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
Opening balance 1 January 2020	0.8	76.3	-1.9	201.1	276.3
Net result 2020	-	-	-	3.3	3.3
Other comprehensive income	-	-	3.7	-	3.7
Total comprehensive income	-	-	3.7	3.3	7.0
Transactions with owners					
Repurchase of shares	-	-	-	-8.3	-8.3
Dividend	-	-	-	-7.0	-7.0
Share redemption	-	-	-	-10.6	-10.6
Incentive programme	-	-	-	0.3	0.3
Total transactions with owners	-	-	-	-25.6	-25.6
Closing balance 31 December 2020	0.8	76.3	1.8	178.8	257.7
Opening balance 1 January 2021	0.8	76.3	1.8	178.8	257.7
Net result 2021	-	-	-	3.0	3.0
Other comprehensive income	-	-	-1.6	-	-1.6
Total comprehensive income	-	-	-1.6	3.0	1.4
Transactions with owners					
Repurchase of shares	-	-	-	-0.7	-0.7
Dividend	-	-	-	-	-
Share redemption	-	-	-	-	-
Incentive programme	-	-	-	-	-
Total transactions with owners	-	-	-	-	-0.7
Closing balance 31 March 2021	0.8	76.3	0.2	181.0	258.3

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

	Note	First quarter 2021	First quarter 2020	Full year 2020
Cash flow from operations				
Operating result		1.7	9.2	5.8
Interest received	4	-	-	0.1
Interest paid		-	-	0.0
Adjustment for exploration costs		-	-	0.0
Adjustment for depletion, depreciation, and other non-cash related items		10.1	13.4	46.2
Total cash flow from operations before change in working capital		11.8	22.6	52.2
Change in receivables		-7.8	-2.5	3.0
Change in liabilities		-1.2	4.6	-3.1
Cash flow from operations		2.8	24.7	52.1
Investment activity				
Investment in oil and gas properties	5	-0.5	-15.4	-45.4
Investment in other fixed assets		-	-0.1	-
Cash flow from investment activity		-0.5	-15.5	-45.4
Financing activity				
Repurchase of shares		-0.7	-5.8	-8.3
Dividend		-	-	-7.0
Share redemption		-	-	-10.6
Cash flow from financing activity		-0.7	-5.8	-25.9
Period cash flow		1.6	3.4	-19.2
Cash and cash equivalents at the beginning of the period		55.4	75.6	75.6
Exchange gains/losses on cash and cash equivalents		0.0	-0.8	-1.0
Cash and cash equivalents at the end of the period		57.0	78.2	55.4

KEY RATIOS

For definitions of key ratios, please refer to the 2020 Annual Report.

Group	First quarter 2021	First quarter 2020	Full year 2020
Operational items			
Production before government take, Oman Blocks 3&4, bbl	1,042,686	1,185,945	4,148,818
Production per day, Oman Blocks 3&4, bbl	11,585	13,032	11,336
Oil sales, bbl	367,726	808,389	2,317,875
Achieved oil price, USD/bbl	46.7	63.1	47.7
Income statement and balance sheet			
Revenue and other income, MUSD	25.4	37.3	101.1
EBITDA, MUSD	12.3	21.9	50.4
EBITDA-margin	48%	59%	50%
Operating result, MUSD	1.7	9.2	5.8
Operating margin	7%	25%	6%
Cash and cash equivalents, MUSD	57.0	78.2	55.4
Shareholders' equity, MUSD	258.3	279.8	257.7
Balance sheet total, MUSD	279.6	308.0	280.3
Capital structure			
Equity ratio	92%	91%	92%
Leverage ratio	neg.	neg.	neg.
Investments in oil and gas properties, net, MUSD	0.5	15.4	45.4
Net cash, MUSD	57.0	78.0	55.1
Profitability			
Return on shareholders' equity	-	-	1.23%
Return on capital employed	-	-	4.87%
Other			
Average number of full-time employees	24	22	23
Distribution per share, SEK	-	-	5
Cash flow from operations per share, USD	0.08	0.68	1.59
Number of shares at period end, '000	33,057	36,295	33,057
Shareholders' equity per share, USD	7.81	7.71	7.87
Weighted average number of shares (before dilution), '000	32,635	31,114	33,321
Weighted average number of shares (after dilution), '000	32,672	31,141	33,328
Earnings per share before dilution, USD	0.09	0.35	0.10
Earnings per share after dilution, USD	0.09	0.35	0.10

Key quarterly data

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net daily production before government take, Blocks 3&4, bbl	11,585	11,072	10,651	10,597	13,032
Net entitlement barrels, bbl	518,895	529,699	509,559	532,325	585,801
Net entitlement share of production, percent	50%	52%	52%	55%	49%
Oil sales, bbl	367,726	547,338	416,162	545,986	808,389
Achieved oil price, USD/bbl	46.7	42.3	42.8	34.3	63.1
Revenue and other income, MUSD	25.4	22.3	20.4	21.1	37.3
EBITDA, MUSD	12.3	10.2	9.5	8.7	21.9
Operating result, MUSD	1.7	-0.7	-1.0	-1.7	9.2
Earnings per share after dilution, USD	0.09	-0.09	-0.06	-0.12	0.35
Cash flow from operations, MUSD	2.8	19.6	-3.1	10.8	24.7
Investment in oil and gas properties, MUSD	0.5	11.0	8.6	10.4	15.4
Free cash flow, MUSD	2.3	9.0	-11.7	0.2	9.2
Net cash, MUSD	57.0	55.1	48.0	59.8	78.0
Share price end of period, SEK	64.9	49.2	43.1	45.7	47.7

For definitions of key ratios, please refer to the 2020 Annual Report.

Relevant reconciliations of alternative performance measures

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and the Board of Directors to measure Tethys Oil's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Besides the definitions below, definitions of alternative performance measures can be found in the 2020 Annual Report.

MUSD	First quarter 2021	First quarter 2020	Full year 2020
Operating result	1.7	9.2	5.8
Add: Depreciation, Depletion and amortisation	10.6	12.7	44.5
Add: Exploration costs	-	0.0	0.0
EBITDA	12.3	21.9	50.4
Cash and cash equivalents	57.0	78.2	55.4
Less: Interest bearing debt	-	-0.2	-0.3
Net cash	57.0	78.0	55.1

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	First quarter 2021	First quarter 2020	Full year 2020
Other income		4.0	4.2	12.8
Share of net profit/loss from associates		-	-	-
Administrative expenses	10	-6.1	-12.6	-48.2
Operating result		-2.1	-8.4	-35.4
Net financial result	4	17.6	34.6	58.1
Result before tax		15.5	26.2	22.7
Income tax		-	-	-
Result for the period¹		15.5	26.2	22.7

1. *As the parent company does not recognise any Other comprehensive income, no such report is presented.*

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	Note	31 Mar 2021	31 Dec 2020
ASSETS			
Total non current assets		516.5	339.0
Total current assets		146.1	39.0
TOTAL ASSETS		662.7	378.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		171.8	162.8
Total current liabilities		413.8	138.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		662.7	378.0

NOTES

General information

Tethys Oil AB (publ) (the “Company”), corporate identity number 556615-8266, and its subsidiaries (together the “Group” or “Tethys Oil”) are focused on exploration for and production of oil and natural gas. The Group has interests in exploration and production licences in Oman and an associated equity interest in a producing company in Lithuania. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The Company is listed on Nasdaq Stockholm.

Accounting principles

The first quarter 2021 report of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter 2021 report of the Company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 “Accounting for legal entities”, issued by the Swedish Financial Accounting Standards Council.

The accounting principles as described in the 2020 Annual Report have been used in the preparation of this report with the exception of operating segments. As of the first quarter 2021 Tethys Oil reports operating segments split between Producing assets, Non-producing asset and Other in accordance with how internal reporting to management is conducted. Previously operating segments were split geographically.

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Tethys Oil applies the ESMA’s (European Securities and Markets Authority) guidelines for alternative performance measures. Definitions of performance measures are provided in the 2020 Annual Report and the relevant reconciliations can be found on 18 of this report.

Exchange rates

For the preparation of the financial statements for the reporting period, the following exchange rates have been used.

Currency	31 March 2021		31 December 2020	
	Average	Period end	Average	Period end
SEK/USD	8.40	8.72	9.19	8.19
SEK/EUR	10.13	10.24	10.49	10.04

The Group is exposed to fluctuations in the foreign exchange markets as fluctuations in exchange rates can negatively affect the result, cash flow and equity. The major proportion of the Group’s assets relate to international oil and gas discoveries valued in USD and which generate revenues in USD. During the first quarter 2021, all of Tethys Oil’s oil sales and operating expenditures were denominated in USD.

Fair value

The nominal value of Accounts payables and other current liabilities, Cash and bank and Other receivables is a fair approximation of those line items as they are short term in nature.

IFRS 9 valuation categories and related balance sheet items

MUSD	31 Mar 2021			31 Dec 2020		
	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	17.1	-	-	9.1	-
Cash and bank	-	57.1	-	-	55.4	-
Other non current liabilities	-	-	0.0	-	-	0.3
Accounts payables and other current liabilities	-	-	8.6	-	-	9.8

Note 1) Risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties, which are continuously monitored and reviewed. The main risks and uncertainties are the operational and financial risks described below.

Operational risk

At its current stage of development, Tethys Oil is commercially producing oil and also exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil in all parts of operations as income and profitability is and will be dependent on prevailing prices. Significantly lower oil prices will reduce current and expected cash flows and profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. There are no oil price hedges in place as at 31 March 2021.

In recent years OPEC and associated countries have, from time to time, agreed to voluntary production limitations. Oman has in the past participated in such agreements. As of May 2020 oil production in Oman is subject to production limitations under the OPEC+ agreement. As a consequence of the OPEC+ agreement Tethys Oil's production on Blocks 3&4 is subject to production limitations. Going forward Tethys Oil cannot rule out the risk of prolonged or new such limitations impacting its oil and gas production and sales.

Another operational risk factor is access to equipment in Tethys Oil's projects. In the drilling/development phase of a project the Group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Tethys Oil to complete projects. Through its operations, Tethys Oil is also subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

The Group's activities expose it to a variety of financial risks, mainly categorised as exchange rate and liquidity risk. The Group's risks are continuously monitored and analysed by the management and board of directors. The aim is to minimise potential adverse effects on the Group's financial performance.

Covid-19 Risks

A global pandemic such as the novel coronavirus (Covid-19) can have a severe negative impact on the group and its ability to conduct operations. Given that Tethys Oil is run by a small specialised staff there is limited redundancy if key staff was to fall ill as a result of a viral infection. The group has aimed to mitigate the risk by encouraging staff to work from home, the implementation of virtual meetings and minimise any non-critical physical meetings and interactions as well as limit exposure from travel on public transport.

The travel restrictions and lockdown measures implemented by governments across the world can impact supply chains, movement of key personnel and ability to utilise external contractors and consultants.

The impact of the Covid-19 pandemic and the restrictions on movement and travel that have been implemented has had a significant effect on global economic activity and demand for oil during 2020 and continues to do so in 2021. At the beginning of the pandemic, in 2020, oil producers were unable to reduce output at the same pace as demand fell resulting in a significant imbalance in supply and demand for oil. As a result of the supply/demand imbalance, oil prices fell significantly during the first six months of the year and certain crude oil qualities traded at negative prices, albeit for short periods of time. Following the production limitations imposed by OPEC+, the oil price has gradually strengthened since early June 2020. Since the start of 2021, oil prices have traded above USD 50 per barrel.

The Covid-19 pandemic's impact on the economy and energy prices, and the risk to Tethys Oil's ability to conduct its operations profitably and without disruption is currently subject to significant uncertainty. The lower oil prices impacted Tethys Oil's profitability and cash flows in 2020 and is expected to continue to do so in 2021. Given the uncertainty surrounding how long the current negative conditions will prevail it cannot be ruled out that oil prices will fall below the current levels and thus have a longer-term impact on the group's profitability and financial standing. Should oil prices decline from current levels and remain lower, the risk of a future impairment of the Group's oil and gas assets cannot be ruled out.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2020 Annual Report.

Note 2) Segment reporting

As of the first quarter 2021 the Group's Operating segments is reported based on a split between Producing assets, Non-producing assets and Other. The operating result for each segment is presented below. Producing assets includes the Company's non-operated interest in Blocks 3&4 while the Non-producing assets includes the operated exploration interests in Block 49, Block 56 and Block 58. The segment Other includes the head office and other central functions across the Group as well as the Company's indirect 25 percent holding in its Lithuanian associated company Minijos Nafta UAB. For the split of carrying values within Oil & gas properties see note 5.

Group income statement Jan-Mar 2021				MUSD
Total	Producing assets	Non-producing assets	Other	Total
Revenue and other income ¹	25.4	-	-	25.4
Operating expenses	-11.9	-	-	-11.9
Depreciation, depletion and amortisation	-10.5	-	-0.1	-10.6
Exploration costs	-	-	-	0.0
Administrative expenses	-0.8	-	-0.4	-1.2
Operating result	2.2	-	-0.5	1.7

Revenue by country	Producing assets	Non-producing assets	Other	Total
Revenue and other income ¹				
Oman	25.4	-	-	25.4
Other	-	-	-	-

Group income statement Jan-Mar 2020				MUSD
Total	Producing assets	Non-producing assets	Other	Total
Revenue and other income ¹	37.3	-	-	37.3
Operating expenses	-13.7	-	-	-13.7
Depreciation, depletion and amortisation	-12.5	-0.1	-0.1	-12.7
Exploration costs	-	-	-	0.0
Administrative expenses	-0.5	-	-1.2	-1.7
Operating result	10.6	-0.1	-1.3	9.2

Revenue by country	Producing assets	Non-producing assets	Other	Total
Revenue and other income ¹				
Oman	37.3	-	-	37.3
Other	-	-	-	-

1. Revenue and other income relate only to external transactions.

Note 3) Revenue and other income

MUSD	First quarter 2021	First quarter 2020	Full year 2020
Revenue	17.2	51.0	110.7
Underlift (+) / overlift (-), adjustments	8.2	-13.7	-9.6
Revenue and other income	25.4	37.3	101.1

Note 4) Net financial result

Group	First quarter 2021	First quarter 2020	Full year 2020
MUSD			
Financial income:			
Interest income	-	0.1	0.1
Currency exchange gain	1.5	3.0	-
Financial costs:			
Interest cost	0.0	-	-
Currency exchange loss	-	-	-2.0
Other financial costs	-0.2	-0.2	-0.6
Net financial result	1.3	2.9	-2.5

Parent company	First quarter 2021	First quarter 2020	Full year 2020
MSEK			
Financial income:			
Interest income	5.1	5.7	18.8
Currency exchange gain	12.5	28.9	-
Dividend group companies	-	-	57.3
Financial costs:			
Interest costs	-	-	-
Currency exchange loss	-	-	-18.0
Net financial result	17.6	34.6	58.1

Note 5) Oil and gas properties

MUSD			Tethys Oil's share	31 Mar 2021	Investments	DD&A	31 Dec 2020
Country	Licence	Phase					
Oman	Blocks 3&4	Prod.	30%	186.3	4.9	-10.5	191.9
Oman	Block 49	Expl.	50%	3.2	-9.4	-	12.6
Oman	Block 56	Expl.	65%	13.8	5.0	-	8.8
Oman	Block 58	Expl.	100%	1.8	0.0	-	1.8
New ventures				0.3	-	-	0.3
Total				205.3	0.5	-10.5	215.3

The investments in oil and gas properties for Block 49 are net of the consideration recorded from EOG as part of the farmout transaction.

Note 6) Other receivables and prepaid expenses

MUSD	31 Mar 2021	31 Dec 2020
VAT	0.2	0.2
Receivables Oil sales	-	8.9
Receivables Farm out proceeds	8.3	-
Prepaid expenses	0.4	0.2
Underlift position	8.2	-
Total	17.1	9.3

Note 7) Provisions

The net present value of Tethys Oil's share of estimated site restoration costs for Blocks 3&4 amounts to MUSD 12.7 (2020: MUSD 12.5). The increase in provision for site restoration reflects changes in cost estimates and the effect of annual unwinding of the net present value.

Note 8) Other non-current liabilities

MUSD	31 Mar 2021	31 Dec 2020
Long term leases	0.0	0.3
Total	0.0	0.3

The long term leases related to office rental expire in 2021 resulting in a reclassification to short term leases (see note 9 below). The renewed leases entered into will be recorded upon entry into the lease period.

Note 9) Accounts payable and other current liabilities

MUSD	31 Mar 2021	31 Dec 2020
Accounts payable	0.3	0.6
Operator balance – Blocks 3&4, Oman	1.5	5.3
Overlift position	-	0.1
Short term leasing	0.2	-
Other current liabilities	6.6	3.8
Total	8.6	9.8

Note 10) Incentive programme

Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants have been issued annually since 2015, following a decision by the respective AGM. No warrants were issued or exercised during the first quarter 2021.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	1 Jan 2021	Number of warrants			31 Mar 2021
					Issued 2021	Exercised 2021	Expired 2021	
2018 incentive programme	1 Jun – 2 Oct 2021	75.40	1.18	350,000	-	-	-	350,000
2019 incentive programme	1 Jun – 7 Oct 2022	72.80	1.08	350,000	-	-	-	350,000
2020 incentive programme	13 Jun – 6 Oct 2023	54.00	1.00	350,000	-	-	-	350,000
Total				1,050,000	-	-	-	1,050,000

Tethys Oil currently has three active warrant-based incentive programmes for employees, which, if exercised can result in the issuance of up to 1,141,000 new shares (a 3.5 percent increase of the total shares in issue). During the first quarter the Tethys Oil share price was above the subscription price of one of the three programmes for a part of the period, thus resulting in a calculated potential dilution effect on the average number of shares outstanding.

Note 11) Pledged assets

Pledged assets in the parent company amounts to MSEK 0.5 (MSEK 0.5) and relate to a pledge in relation to office rental.

Note 12) Contingent liabilities

There are no outstanding contingent liabilities as at 31 March 2021, nor for the comparative period.

Note 13) Related party transactions

In the Tethys Oil Group, Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company. Material subsidiaries include Tethys Oil Oman Limited, Tethys Oil Block 3&4 Limited, Tethys Oil Montasar Limited, Tethys Oil Oman Onshore Limited, Tethys Oil Qatbeet Limited, Tethys Oil France AB and Tethys Oil Exploration AB.

During the period, the Company has not had any transactions with related parties outside the group.

FINANCIAL CALENDAR:

- Annual general meeting 2021 will be held in Stockholm on 19 May 2021
- Report for second quarter 2021 (January – June 2021) on 10 August 2021
- Report for third quarter 2021 (January – September 2021) on 9 November 2021
- Report for fourth quarter/year-end report 2021 (January – December 2021) on 8 February 2022
- Report for first quarter 2022 (January – March 2022) on 10 May 2022

Stockholm, 11 May 2021

Tethys Oil AB (publ)
Org. No. 556615-8266

Magnus Nordin
Managing Director

This report has not been subject to review by the auditors of the company

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CONFERENCE CALL

Date: 11 May 2021

Time: 10.00 CET

To participate in the conference call, you may choose one of the following options:

Link to webcast: <https://edge.media-server.com/mmc/p/cndkhmk8>

To participate via phone, please call:

Sweden: +46 8 566 426 51

Switzerland: +41 225 809 034

UK: +44 333 300 0804

United States (Toll-Free): +1 855 857 0686

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