

**Tethys Oil AB (publ)**  
**Second quarter and half year report**  
**1 January – 30 June 2022**



*Successful and expanded appraisal activities on Block 56 ahead of long-term production test commencing in September*

**Second quarter 2022 (first quarter 2022)**

- The appraisal programme of the Al Jumud discovery on Block 56 was expanded by the drilling of two additional horizontal wells following promising results from the Al Jumud-2 well. In parallel, testing operations of the exploration/appraisal wells Sarha-3 and Sahab-1 are ongoing.
- A long-term production test of the three appraisal wells on the Al Jumud discovery will begin in the third quarter with all three wells to be hooked up to the production system during October.
- Interpretation of 3D seismic over the central area of Block 56 is ongoing, mapping leads with potential unrisks prospective resources of close to 50 mmbbl, gross.
- Tethys Oil has been granted an 18-month extension of the initial exploration phase on Block 49, which will now last until December 2023.
- Production was 10,068 barrels of oil per day, 4 percent lower than in the first quarter.
- Production during the last six months and full year 2022 is expected to be in line with the production level during the first six months of 2022 of 10,271 barrels per day (previous guidance 10,500-11,000 barrels per day for the full year 2022). Third quarter production is expected to be below 10,000 barrels per day due to maintenance and upgrades on the Saiwan processing facility.
- High oil prices continue to bolster earnings in the quarter. Revenue and other income increased to MUSD 37.8 (34.6), EBITDA to MUSD 24.1 (20.2) and Free cash flow to MUSD 7.1 (-13.1).
- During the quarter a total of MUSD 22.8 was distributed to shareholders, MUSD 6.6 by ordinary dividend and MUSD 16.2 by a share redemption programme.

MUSD, unless specifically stated	Second quarter 2022	First quarter 2022	Second quarter 2021	First six months 2022	First six months 2021	Full year 2021
Net daily production, before government take, barrels per day	10,068	10,475	11,030	10,271	11,306	11,136
Production before government take, bbl	916,226	942,768	1,003,750	1,858,994	2,046,436	4,064,803
Net entitlement barrels, bbl	385,005	433,052	420,655	818,057	939,550	1,800,140
Net entitlement as share of production, percent	42%	46%	42%	44%	46%	44%
Achieved Oil Price, USD/bbl	100.1	80.4	59.7	87.3	54.1	62.8
Revenue and other income	37.8	34.6	26.1	72.4	51.6	112.7
EBITDA	24.1	20.2	14.5	44.3	26.9	61.4
Operating result	13.9	8.7	4.3	22.5	6.1	16.1
Net result	17.0	9.9	3.4	26.9	6.5	16.7
Earnings per share, after dilution, USD	0.52	0.30	0.10	0.82	0.20	0.51
Cash flow from operations	26.8	11.6	13.3	38.4	16.1	64.9
Investments in oil and gas properties	19.6	24.6	8.4	44.2	8.9	35.2
Free cash flow	7.1	-13.1	4.9	-6.0	7.2	29.7
Cash and cash equivalents	40.2	55.4	46.2	40.2	46.2	68.6

## Letter to shareholders

Dear Friends and Investors,

Despite all the turmoil in the world and the impact it has on our industry the focus of our attention has been firmly set to the excitement unfolding in our operations on Block 56. The Block has now been operated by Tethys for just over a year and during that time, we have drilled five wells and acquired 2,000 km<sup>2</sup> of high density, state of the art 3D seismic. We expect first oil from the long-term production test on Al Jumud in September. In the ‘Central Area’ of the Block, where we shot the seismic, we are targeting close to 50 million barrels of gross unrisks prospective resources that we expect to begin drilling in 2023. By all accounts I think it is fair to say we have been off to a flying start on Block 56.

But this is still reasonably early days. The first target, the Al Jumud discovery, is on its way to become the Al Jumud oil field but it is not quite there yet. The appraisal results achieved from the first horizontal well, which had initial flows of 700 barrels per day when tested earlier this year, need to be confirmed by the long-term testing of the well, as will the production potential of the recently completed Al Jumud-3 and Al Jumud-4 wells which have also delineated the structure. All three wells should be hooked up to the Early Production Testing system before the end of October. Testing is expected to last for up to six months. Depending on results, additional wells may be drilled early next year when resource estimates will also be carried out. If all goes well, we may see the birth of the Al Jumud Oil Field during 2023.

Sustained production from Block 56 would be a welcome second production stream for Tethys in Oman.

Exploration activities on Block 56 are set to gear up continually during the coming months and quarters. Testing of the Sarha-3 and Sahab-1 wells drilled during the quarter are ongoing and the results from these wells will give important information for the understanding of the greater Al Jumud area. But the big prize in Block 56 is the Central Area where the seismic acquired during the first quarter this year is now undergoing processing before interpretation will commence in earnest during the latter part of the

fourth quarter. Older 2D seismic together with well data from earlier operators suggest the presence of several potential oil fields, which is for the 3D data to confirm or reject. If confirmed the drill bit will be deployed to make the final verdict. We expect to have completed the interpretation in the early part of the second quarter 2023.

Block 56 remains a smorgasbord of opportunity and continues to remind us of where Blocks 3&4 were some ten years ago.

And speaking of which, Blocks 3&4 has since 2011 produced more than 120 million barrels of oil and provided Tethys with more than one Billion dollars’ worth of revenue! And it is still going, if not quite as strongly as we would have wished. We now believe production for the second half of 2022 will come in close to what we have seen so far this year meaning an average for the year of around 10,200 barrels per day. And with the oil price hovering above USD 100 per barrel those ten thousand barrels per day means solid cash flows for us to invest in further growth and to enable continued distribution to shareholders.

Again, a reminder: During the quarter, after decisions at the AGM in May, Tethys distributed over 22 million dollars to our owners.

So do continue to follow us. Markets fluctuate but as long as there is demand for our product, we will continue to supply it, as best we can. We believe Blocks 3& 4 will provide solid cash flows for many more years to come and we are hopeful Block 56 will confirm its vast growth potential within the coming year. And I haven’t even mentioned Block 49 where the Thameen-1 will be retested in 2023 nor Block 58 where the ongoing seismic interpretation could very well be a topic for this letter in the third quarter.

Enjoy the rest of your northern hemisphere summer!

Stockholm, August 2022  
Magnus Nordin  
*Managing Director*



## Second Quarter Review

### Licences and agreements

Tethys Oil's core area is onshore in the Sultanate of Oman ("Oman"), where the Group holds interest in four exploration and production sharing agreements ("EPSA") per 30 June 2022:

Licences & Agreements	Tethys Oil Interest %	Phase	Expiry date	Partners (operator in bold)
Blocks 3&4, Oman	30	Production phase	July 2040	<b>CCED</b> , Mitsui E&P, Tethys Oil
Block 49, Oman	100*	Initial exploration phase	December 2023	<b>Tethys Oil</b>
Block 56, Oman	65	Second exploration phase	December 2023	<b>Tethys Oil</b> , Medco Arabia, Biyaq, Intaj
Block 58, Oman	100	Initial exploration phase	July 2023	<b>Tethys Oil</b>

\* Contingent final formal government approval

### Production

Tethys Oil's share of production from Blocks 3&4 during the second quarter 2022, before government take, amounted to 916,226 barrels of oil, corresponding to 10,068 barrels of oil per day, four percent below the production in the first quarter. Average production in the first six months of 2022 was 10,271 barrels per day, two percent below the low end of the earlier production guidance for 2022 of 10,500 barrels per day.

Production in April and May, 9,986 and 9,955 barrels per day respectively, continued to be impacted by the consequences of the water breakthrough in several wells on the Anan field. By the end of the quarter, however, the water breakthrough had mostly been remedied by technical solutions. The current expectation, however, is that for the duration of 2022 the Anan field will not return to its previous production levels, a circumstance which was reflected in the production guidance given in the report for the first quarter 2022. The June production of 10,268 barrels per day includes the contribution of production wells drilled during the first half of 2022.

#### Outlook and Production Guidance

In July the operator of Blocks 3&4, CCED, advised that production during the third quarter will be impacted by an upgrade of the produced water re-injection system at the Saiwan central processing facility on Block 4. The upgrade involves installation of new pumps and replacement of water pipes during which time a number of wells connected to the facility will be shut in. As a result of the work, production levels in July are expected to be substantially lower than in June before increasing again before the end of the quarter, with an expected quarterly average just below 10,000 barrels per day.

As a consequence of the maintenance work in the third quarter and the lower production levels of the first six months, the full year average production for 2022 is now expected to be broadly in line with the 10,271 barrels of oil per day produced in the first half of 2022, revised from the previous guidance of 10,500-11,000 barrels per day. The guidance does not include any production from the long-term test in Al Jumd scheduled to start in the third quarter.

#### Production development activities

The ongoing catch-up programme to increase the number of production wells on Blocks 3&4 is progressing. In total, seven new wells were drilled in the second quarter, including one appraisal well, one injection well and four production wells as well as the deepening of one existing production well. Initial results of the new production wells are slightly above expectations and will contribute positively to production later in 2022.

Production and appraisal drilling will continue on Blocks 3&4 throughout the summer with an additional five wells to be completed in the third quarter. In order to increase the rate of development drilling without reducing exploration ambitions, an additional drilling rig was contracted in the second quarter, increasing the number of active rigs from three to four. The new rig is expected to be fully operational in the fourth quarter.

In parallel, workover efforts to increase the output of existing wells are ongoing and the production assurance and asset integrity projects continue according to plan. The projects include the replacement of current flow lines and additional loop lines as well as water handling initiatives in order to increase the output from wells with high water cut.

### Production entitlement and sales

Tethys Oil's oil sales derives from its 30 percent interest in Blocks 3&4, from which the company's share of the oil production, "Net Entitlement", is calculated. The Net Entitlement consists of two components: Cost Oil and Profit Oil. The Cost Oil is the value of recoverable costs incurred in the period and any outstanding balance of unrecovered historical cost from previous periods, the "Cost Pool". The total amount of Cost Oil a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP"). What remains after the deduction of Cost Oil is Profit Oil, which is split between the government and contractors according to a fixed percentage.

During the second quarter 2022, Net Entitlement decreased to 385,005 barrels, down from 433,052 in the first quarter. The decreased Net Entitlement is a result of the combination of lower production and a higher Average Official Selling Price ("Average OSP")<sup>1</sup>, somewhat offset by increased recoverable costs in the second quarter.

The Net Entitlement share of production decreased to 42 percent in the quarter, down from 46 percent in the first quarter. The Average OSP increased by 29 percent from USD 79.0 per barrel in the first quarter 2022 to USD 101.8 in the second quarter.

During the second quarter 2022 all recoverable costs incurred on Blocks 3&4 were recovered through Cost Oil, and as a result there was no Cost Pool at the end of the quarter.

Tethys Oil sold 261,072 barrels of oil from Blocks 3&4 in the second quarter 2022 compared to 479,544 barrels of oil in the first quarter. The decrease, however, is primarily due to that the lifting of the June sales nomination of 94,497 barrels of oil was delayed to July and will be recorded as sales in the third quarter.

The Achieved Oil Price in the second quarter 2022 amounted to USD 100.1 per barrel, an increase of USD 19.7 per barrel from USD 80.4 per barrel in the first quarter 2022. Had the planned June lifting not been delayed, the Achieved Oil Price per barrel would have been USD 100.8.

As of 30 June 2022, Tethys Oil had an underlift position of 65,573 barrels of oil compared to the overlift position of 58,360 barrels of oil at 31 March 2022.<sup>2</sup>

Production entitlement and sales	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Blocks 3&amp;4</b>					
Production, before Government take, bbl	916,226	942,768	980,599	1,037,768	1,003,750
Average daily production, barrels per day	10,068	10,475	10,659	11,280	11,030
Net Entitlement barrels, bbl	385,005	433,052	432,469	428,121	420,655
Net Entitlement share of production, percent	42%	46%	44%	41%	42%
Oil sales, bbl	261,072	479,544	514,683	448,740	477,708
Underlift (+) / overlift (-), movement, bbl	123,933	-46,475	-82,214	-20,619	-57,053
Underlift (+) / overlift (-), closing position, bbl	65,573	-58,360	-11,886	70,328	90,947

<sup>1</sup> 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. The Average OSP is calculated as the production weighted average of the monthly Official Selling Price (OSP) for Omani Export Blend in the quarter and does not take into consideration the timing of monthly liftings, and any trading and quality adjustments (as is the case with the Achieved Oil Price).

<sup>2</sup> Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to a service provider under a long-term contract. Oil sales volumes are nominated by Tethys Oil 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.

## Exploration and appraisal

### Expanded appraisal of Al Jumd on Block 56

The appraisal programme on the Al Jumd discovery on Block 56 has been expanded with the drilling of two additional wells following the promising results of the Al Jumd-2 well earlier in 2022.

The purpose of the wells has been to establish the resource volume of the Al Jumd discovery and determine the optimal well productivity levels. They have both been drilled with the Schlumberger 279 drilling rig that was used to drill the Al Jumd-2, Sarha-3 and Sahab-1 wells on Block 56 earlier in 2022 and like Al Jumd-2 they will be completed with a progressive cavity pump (PCP).

Al Jumd-3, the first of the two wells, was spudded in early July some 660 metres from Al Jumd-2. The well was drilled with a 625-metre horizontal section of which 460 metres were completed in the Al Khalata sandstone layer at a depth of 1,300 metres in the structure's north-eastern area. The Al Jumd-3 well was immediately followed by the drilling of the Al Jumd-4 well.

The drilling location of Al Jumd-4 is about 700 metres from Al Jumd-2 and targets the structure's southern end. The well reached total depth at the end of July and has a 700-metre horizontal section in the Al Khalata reservoir, of which approximately 500 metres are completed.

Parallel to the drilling, procurement of services and equipment needed for an extended well production test of up to six months is ongoing. The well test will include all of the three horizontal Al Jumd wells and has its planned start date in the latter half of the third quarter. Al Jumd-2 had an initial flow of 700 barrels of oil per day when tested earlier in the year and the production test will be important to establish the long-term production capabilities of the three wells.

The test is expected to start in September and all three wells are expected to be hooked up during October. Tethys Oil is the operator and has a 65 percent interest share in the EPSA. As the exact production level of the long-term test is difficult to estimate in advance, no oil produced during the test has been included in the revised production guidance for 2022. As such, the test production will have a positive effect on the Group's oil sales for the final months of 2022.

### Testing operations on Sarha-3 and Sahab-1

Testing operations on the Sarha-3 and Sahab-1 exploration and appraisal wells in the south-western parts of the Al Jumd area on Block 56 are ongoing following their commencement in the second quarter.

The Sarha-3 testing has started and finished the first and deepest of three layers, the Kareem Sandstone. With a PCP, a flow of approximately 20 barrels per day of 15 API, high viscosity oil was recorded from a vertical section. Evaluation of the fluid samples and test data is ongoing.

In order to test the remaining two layers, the Al Khalata sandstone and Garif sandstone, a workover rig is required. Sourcing of the rig is ongoing but due to high demand following increased industry activity, rig availability is limited. Once the rig is in place, the testing process will take about three weeks per layer and is expected to be completed early in the fourth quarter.

The Sahab-1 well experienced significant mud losses during drilling and has subsequently required a clean-up process. As a result, testing operations of Sahab-1 has so far only yielded water as the mud lost is still being recovered.

### Block 56 central area – 3D interpretation ahead of 2023 exploration campaign

Processing of the 3D data over the central area of Block 56, which was acquired in the first quarter, has started. The processing is expected to be completed by the middle of the fourth quarter.

Once the interpretation of the 3D seismic has been completed in early 2023, a multi-well exploration drilling campaign is planned later in the year. On the basis of legacy seismic data and results of previously drilled exploration wells in the area, the 2023 exploration programme is expected to target plays with an unrisks potential of close to 50 million barrels, gross. Once interpreted the results of the newly acquired seismic will provide a clearer picture of the potential.

**Promising early results of seismic on Block 58**

The processing of the over 450 km<sup>2</sup> 3D seismic acquired over the South Lahan area in late 2021 continues. While not expected to be completed until late in the third quarter, the results from the data interpretation so far are encouraging and reinforce Tethys Oil's view on the area's prospectivity. The South Lahan area contains several leads based on proven plays that are in production in the surrounding areas and as a result of the new seismic several new leads have been identified. Following the positive early results, the work programme is being revised accordingly.

**Extension of the initial exploration phase on Block 49**

During the quarter Tethys Oil filed for an extension of the initial exploration phase on Block 49 by 18 months. The extension, which has been granted, will now expire in December 2023.

The main purpose of the extension is to perform a fracking operation of the vertical hole in an attempt to establish oil flows from the Hasirah formation in Thameen-1 which was seen to be tight in earlier tests.

**Blocks 3&4 exploration and appraisal drilling**

In addition to the new production wells on Blocks 3&4, an appraisal well was drilled in the Shahd field that remains to be tested.

The Blocks' second exploration well of the year, Ahad-1, will spud by late August. Ahad-1, located some five kilometres southeast of the Shahd B field, will target the Barik and Lower Al Bashair formations. Initial volume estimations are modest but with significant follow-on potential in the area.

**Seismic acquisition update on Blocks 3&4**

In the southern part of Block 4, the campaign covering up to 3,500 km<sup>2</sup> 3D seismic is progressing. As of 30 June, about 34 percent was completed and the campaign as a whole is expected to be completed in December 2022.

**Emission reduction initiatives on Blocks 3&4**

The gas utilisation project on Blocks 3&4, which has been initiated to reduce the routine flaring of associated gas, is progressing. The aim of the project is to utilise the associated gas (produced as a by-product of the produced crude oil) for local power generation with permanent facilities thus reducing the use of diesel-powered generators. The result is expected to be an overall reduction of emissions as well as a reduction of diesel consumption and related rental costs. The project is progressing with some slight delays due the increased general level of activity in the industry, which increase lead times for procurement and recruitment.

**Revised 2022 Capex & Opex guidance**

Following revisions of the 2022 Work Programmes for Tethys Oil's four EPSAs, the Company now expects total investments (capex) in Oil and Gas assets for 2022 to amount to MUSD 87 (previously MUSD 91).

Following the positive outcome of the Al Jum-d-2 well the Block 56 budget has been revised to include the drilling of the Al Jum-d 3&4 appraisal wells. Blocks 3&4 has seen the addition of a fourth drilling rig as well as increased asset integrity spend. The increases are offset by lower than budgeted spending during the first half of 2022 and the deferment of some activities to 2023 due to long lead times resulting from high industry activity.

For more information on Tethys Oil's capital investments, see page 10.

As a result of the revised 2022 production guidance, Tethys Oil now expects annual operating expenditure per barrel to be USD 13.0 (+/- 0.5) compared to the previous guidance of USD 12.0 (+/- 0.5). For more information on Tethys Oil's operating expenditures, see page 7.

## Group Financial Review and Result<sup>3</sup>

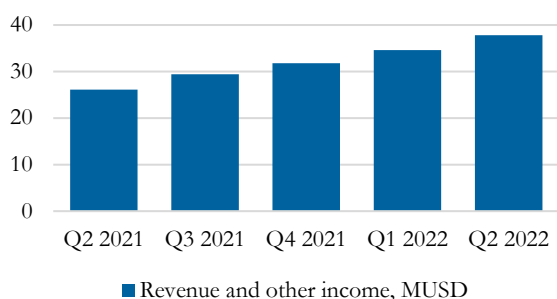
### Income Statement

#### Revenue and other income

Tethys Oil's revenue and other income is comprised of revenue from the oil sold in the period adjusted for the period's underlift/overlift. Revenue and other income amounted to MUSD 37.8 compared to MUSD 34.6 in the first quarter, an increase of 9 percent with higher achieved oil prices offsetting fewer barrels sold.

Revenue from oil sales in the second quarter 2022, was MUSD 26.1 compared to MUSD 38.5 in the first quarter. The decrease is due to the delayed June lifting, accordingly only two liftings were recorded in the second quarter compared to the three liftings in the previous quarter.

The delayed June lifting resulted in a underlift position at the end of the quarter and hence the recording of a positive adjustment of MUSD 11.7 compared to a negative adjustment of MUSD -3.9 in the first quarter when the Company was overlifted.



#### Operating expenses

Operating expenses comprise of Production costs, Workovers and well interventions and Operator G&A and overhead expenses, all relating to Tethys Oil's interest in the production on Blocks 3&4 in Oman. Operating expenses in the second quarter amounted to MUSD 12.1 compared to MUSD 12.6 for the first quarter, a decrease of 4 percent.

Production costs include expenses for throughput fees, energy, consumables, equipment rental, field staff and maintenance. The production costs decreased to MUSD 8.1 during the second quarter 2022 from MUSD 8.3 in the first quarter as a result of lower production and the payment of annual benefits and bonuses in the first quarter.

Workovers and well interventions amounted to MUSD 1.1 in the second quarter, a slight increase compared to the MUSD 1.0 of the first quarter 2022.

Operator G&A and overhead expenses were MUSD 2.9 in second quarter 2022 compared to MUSD 3.3 in the previous quarter. The decrease is primarily a result of the annual payment of staff benefits incurred in the first quarter of 2022.

The decrease in operating expenses offset the lower production and resulted in a decrease of the operating expenses per barrel to USD 13.2 compared to USD 13.4 in the first quarter.

Operating expenses, MUSD	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Production costs	8.1	8.3	7.7	7.6	7.0
Workovers and well interventions	1.1	1.0	0.9	0.7	0.4
Operator G&A and overhead expenses	2.9	3.3	2.7	2.5	2.5
<b>Operating expenses</b>	<b>12.1</b>	<b>12.6</b>	<b>11.3</b>	<b>10.8</b>	<b>9.9</b>

Operating expenses per barrel, USD	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Production costs per barrel	8.8	8.8	7.9	7.3	7.0
Workovers and well interventions per barrel	1.2	1.1	0.9	0.7	0.4
Operator G&A and overhead expenses per barrel	3.2	3.5	2.8	2.4	2.5
<b>Operating expenses per barrel</b>	<b>13.2</b>	<b>13.4</b>	<b>11.5</b>	<b>10.4</b>	<b>9.9</b>

<sup>3</sup> The Group financial review is performed by analysing the current interim reporting period performance versus previous interim reporting period. Accordingly, the current interim financial review is focused on developments in the second quarter 2022 compared to the first quarter 2022. Management believes that this analysis more precisely demonstrates trends and achievements of the Tethys Oil

Group activities. Please note that the interim financial report (next section) is presented in accordance with IAS 34, which requires presentation of the current interim period in comparison to the comparable interim period of the immediately preceding financial year. This financial interim report for the second quarter and first six months of 2022 presents financial results compared to the second quarter and first six months of 2021.

### Other expenses and result

Administrative expenses for the second quarter 2022 were in line with the previous quarter and amounted to MUSD 1.6 compared to MUSD 1.8.

EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 19 percent to MUSD 24.1 in the second quarter, compared to MUSD 20.2 the previous quarter as a cumulative result of increased Revenue and other income, and lower Operating as well as Administrative expenses.

DD&A for the second quarter decreased to MUSD 10.2 compared to from MUSD 10.5 in the first quarter as a result of lower production levels.

The operating result in the second quarter 2022 increased by 60 percent and amounted to MUSD 13.9 compared to MUSD 8.7 in the previous quarter. Reflecting the higher EBITDA as well as the lower DD&A and no Exploration costs recorded in the second quarter (MUSD -1.0).

Financial net result in the second quarter 2022 amounted to MUSD 3.1 compared to MUSD 1.2 in the previous quarter and consists primarily of exchange rate gains.

Net result for the second quarter amounted to MUSD 17.0, representing an earnings per share after dilution of USD 0.52, which is 73 percent higher compared to the previous quarter.

No income tax was recorded in the income statement in the quarter, see page 17 for more information on the treatment of Tethys Oil's income tax.

Financial review and result, MUSD	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	26.1	38.5	37.9	30.0	28.5
Underlift (+) / Overlift (-) adjustment	11.7	-3.9	-6.1	-0.6	-2.4
Revenue and other income	37.8	34.6	31.8	29.4	26.1
Operating expenses	-12.1	-12.6	-11.3	-10.8	-9.9
Administrative expenses	-1.6	-1.8	-2.5	-2.1	-1.7
<b>EBITDA</b>	<b>24.1</b>	<b>20.2</b>	<b>18.0</b>	<b>16.5</b>	<b>14.5</b>
DD&A	-10.2	-10.5	-9.9	-10.5	-10.2
Exploration cost	-	-1.0	-4.1	-	-
<b>Operating result</b>	<b>13.9</b>	<b>8.7</b>	<b>4.0</b>	<b>6.0</b>	<b>4.3</b>
Financial result - net	3.1	1.2	0.1	0.1	-0.9
Tax	-	-	-	-	-
<b>Net result</b>	<b>17.0</b>	<b>9.9</b>	<b>4.1</b>	<b>6.1</b>	<b>3.4</b>
<i>Earnings per share, after dilution, USD</i>	<i>0.52</i>	<i>0.30</i>	<i>0.12</i>	<i>0.19</i>	<i>0.10</i>
<b>Financials per barrel, USD</b>	<b>Q2 2022</b>	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Achieved Oil Price	100.1	80.4	73.7	66.7	59.7
Operating expenses	13.2	13.4	11.5	10.4	9.9
EBITDA	26.3	21.4	18.4	15.9	16.1
DD&A	11.2	11.0	10.1	10.1	10.2



### Netback<sup>4</sup>

Netback is the gross profit associated with bringing a barrel of oil to market and is calculated as revenues net of production and transportation costs, as well as any royalties and government take.

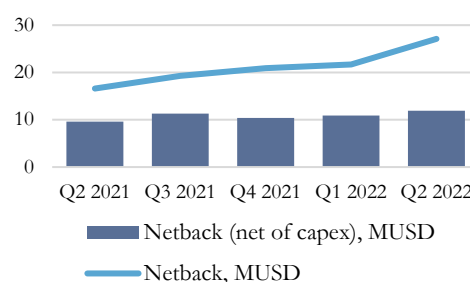
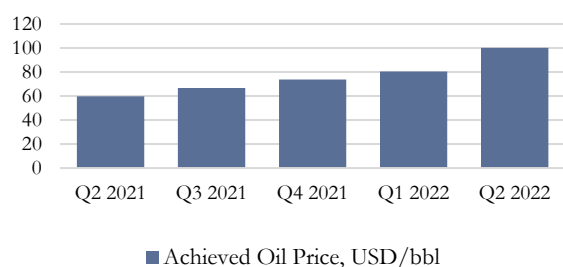
Tethys Oil calculates Netback for its production from Blocks 3&4 and is presented both in MUSD and USD per barrel. To align calculations with the effects of the cost recovery mechanism of the EPSA Netback after capex is also presented.

In the second quarter 2022, the higher Average OSP offset somewhat by a lower net entitlement share resulted in an increased revenue per barrel when compared to the first quarter. In combination with a decrease in operating expenses, the higher net revenue resulted in a 22 percent increase in Netback in the second quarter 2022 when compared to the first quarter.

In the second quarter Netback, net of capex, increased to MUSD 11.9 from MUSD 10.9 with the higher Netback offsetting higher capex.

Netback Blocks 3&4, USD/bbl	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Value of oil produced (Average OSP)	101.9	79.1	74.5	70.3	62.9
Government take	-59.1	-42.8	-41.6	-41.3	-36.5
Entitlement value (after government take)	42.8	36.3	32.9	29.0	26.4
Operating expenses	-13.2	-13.4	-11.5	-10.4	-9.9
<b>Netback</b>	<b>29.6</b>	<b>22.9</b>	<b>21.3</b>	<b>18.6</b>	<b>16.5</b>
Capex	-16.7	-11.5	-10.7	-7.7	-7.0
<b>Netback (net of capex)</b>	<b>12.9</b>	<b>11.5</b>	<b>10.6</b>	<b>10.9</b>	<b>9.5</b>

Netback Blocks 3&4, MUSD	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Value of oil produced (Average OSP)	93.4	74.6	73.1	72.9	63.1
Government take	-54.1	-40.3	-40.8	-42.8	-36.7
Entitlement value (after government take)	39.2	34.3	32.2	30.1	26.5
Operating expenses	-12.1	-12.6	-11.3	-10.8	-9.9
<b>Netback</b>	<b>27.1</b>	<b>21.7</b>	<b>20.9</b>	<b>19.3</b>	<b>16.6</b>
Capex	-15.3	-10.8	-10.5	-8.0	-7.0
<b>Netback (net of capex)</b>	<b>11.9</b>	<b>10.9</b>	<b>10.4</b>	<b>11.3</b>	<b>9.6</b>



<sup>4</sup> Starting in the second quarter 2022, Tethys Oil calculates Netback by using Average OSP as its base rather than Achieved Oil Price. All

Netback amounts presented in the interim report, such as in the tables above, have been retroactively recalculated for previous periods.

## Financial position and cash flow

### Assets and equity

As of 30 June 2022, the Group's total assets amounted to MUSD 279.6 compared to MUSD 299.3 at the end of the previous quarter. The majority of the Group's assets are oil and gas properties, making up MUSD 226.5 and MUSD 218.1 as of 30 June and 31 March respectively. As of 30 June 2022, the Shareholder's equity was MUSD 255.1 compared to MUSD 265.3 at the end of the previous quarter. The decrease is a result of the distribution to shareholders of MUSD 22.8 in the second quarter.

### Liquidity and financing

As of 30 June 2022, cash and cash equivalents amounted to MUSD 40.2 compared to MUSD 55.4 at the end of the previous quarter. Tethys Oil has a solid liquidity position, free from external borrowings and fully funded for all its current obligations.

### Cash flow and investments

The cash flow in the period reflects both the effects of the increased oil prices and operational activity as well as the distribution to the company's shareholders. Total cash flow for the second quarter 2022 was MUSD -15.7 compared to MUSD -13.1 in the first quarter.

Cash flow from operations in the second quarter 2022 was MUSD 26.8 compared to the first quarter's MUSD 11.6.

Before change in working capital, the net cash flow from operating activity amounted to MUSD 23.8 compare to MUSD 20.6 in the first quarter.

The net change in working capital amounted to MUSD 3.0 compared to MUSD -9.0 in the first quarter. The change in working capital was driven primarily by an outstanding receivable at the end of the first quarter of MUSD 19.9 from the March lifting settled in the second quarter. Also, the delayed lifting of the June nomination and resulting movement from overlift to underlift had a net effect of MUSD 11.7 in the second quarter, compared to the first quarter.

In the second quarter 2022, cash flow from investments decreased to MUSD 19.7 from MUSD 24.7 in the first quarter. Capital investments on Blocks 3&4 was MUSD 15.3 in the second quarter up from MUSD 10.8 in the first quarter driven by increases in drilling expenditures as well as facilities investments. Capital investments on Block 56 was MUSD 4.2 in the second quarter and MUSD 13.7 in the first quarter and is primarily reflecting the ongoing drilling and testing operations in the Al Jumd area.

Tethys Oil's free cash flow for the quarter amounted to MUSD 7.1 compared to MUSD -13.1 in the first quarter following the increased cash flow from operations and the decreased cash flow from investments.

Cash flow from financing activities was MUSD -22.8 and relates to distribution to the shareholders. Cash flow for the period was MUSD -15.7 (-13.1).

Balance Sheet, MUSD	30 Jun 22	31 Mar 22	31 Dec 21	30 Sep 21	30 Jun 21
<b>Non-current assets</b>					
Oil and gas properties	226.5	218.1	204.9	202.2	203.5
Other fixed assets	0.7	0.9	1.1	1.2	0.9
<b>Current assets</b>					
Other current assets	12.2	24.9	9.9	12.3	15.4
Cash and cash equivalents	40.2	55.4	68.6	59.4	46.2
<b>Total assets</b>	<b>279.6</b>	<b>299.3</b>	<b>284.5</b>	<b>275.1</b>	<b>266.0</b>
<b>Shareholders' equity</b>	<b>255.1</b>	265.3	256.6	253.0	247.2
Non-current liabilities	14.0	13.7	13.6	13.9	13.5
Current liabilities	10.5	20.3	14.3	8.2	5.3
<b>Total equity &amp; liabilities</b>	<b>279.6</b>	<b>299.3</b>	<b>284.5</b>	<b>275.1</b>	<b>266.0</b>
<b>Cash flow, MUSD</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q2 2021</b>
<b>Cash flow from operations</b>	<b>26.8</b>	11.6	26.5	22.3	13.3
Cash flow from investments	-19.7	-24.7	-17.2	-9.2	-8.4
<b>Free cash flow</b>	<b>7.1</b>	-13.1	9.4	13.1	4.9
Cash flow from financing activities	-22.8	-	-0.2	-0.1	-15.5
<b>Period cash flow</b>	<b>-15.7</b>	-13.1	9.2	13.0	-10.6
Block 3&4	15.3	10.8	10.5	8.0	7.0
Block 49	0.0	0.0	0.5	0.8	0.3
Block 56	4.2	13.7	1.5	0.3	1.1
Block 58	0.1	0.1	4.7	0.1	0.0
<b>Total investments in oil and gas properties</b>	<b>19.6</b>	<b>24.6</b>	<b>17.2</b>	<b>9.2</b>	<b>8.4</b>

## Parent Company & Share data

The parent company's operating loss in the second quarter 2022 amounted to MSEK -6.5 compared to MSEK -6.4 for the first quarter. Administration expenses during the period was MSEK 9.8 compared to MSEK 10.1 in the previous period.

The net financial result in the second quarter 2022 increased to MSEK 41.5 from MSEK 17.6 in the first quarter. Net financial result consisted of currency exchange gains on intercompany loans.

### Share data

As of 30 June 2022, the total number of issued shares in Tethys Oil AB was 33,056,608, with a quota value of SEK 0.18. All shares represent one vote each. The company's shares are listed on Nasdaq Stockholm (TETY).

Since 2014 Tethys Oil's Annual General Meeting ("AGM") has annually resolved to grant the Board of Director's with authorisation to repurchase up to 10 percent of the company's share capital. This authorisation was renewed by the 2022 AGM on the 18 May 2022.

During the first six months of 2022 Tethys Oil has not repurchase any shares. As of 30 June 2022, Tethys Oil held 474,673 shares in treasury – the equivalent of 1.4 percent of issued shares.

For the complete repurchase authorisation, please refer to Tethys Oil's website [www.tethysoil.com](http://www.tethysoil.com).

Tethys Oil currently has three active warrant-based incentive programmes for employees, which, if exercised can result in the issuance of up to 959,500 new shares or a potential 2,9 percent increase of total shares issued.

### Dividend and Distribution

As approved by the AGM 2022 on 18 May 2022, a total of SEK 7.00 per share was distributed to the company's shareholders in the second quarter. The distribution included a cash dividend of SEK 2.00 per share as well as SEK 5.00 per share by a mandatory share redemption programme. This corresponds to MUSD 6.6 and MUSD 16.2 respectively for a total of MUSD 22.8.

Numbers of shares	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Shares in issue, end of the period	33,056,608	33,056,608	33,056,608	33,056,608	33,056,608
Shares issued, during the period	-	-	-	-	-
Shares repurchased, during the period	-	-	23,500	15,533	-
Treasury shares, end of the period	474,673	474,673	474,673	451,173	435,640
Shares outstanding, end of the period	32,581,935	32,581,935	32,581,935	32,605,435	32,620,968
Weighted average outstanding before dilution, during the period	32,581,935	32,581,935	32,602,037	32,618,887	32,620,968
Weighted average outstanding after dilution, during the period	32,780,953	32,682,353	32,667,882	32,639,342	32,666,215

Shareholders per 30 June 2022	Number of shares	Proportion capital/votes
Lansdowne Partners	3,633,699	11.0%
Magnus Nordin	1,555,427	4.7%
Avanza Pension	1,356,945	4.1%
Liontrust	1,090,911	3.3%
Adage Capital Management	1,050,000	3.2%
Dimensional Fund Advisors	829,456	2.5%
Carl Erik Norman	770,000	2.3%
Nordnet Pensionsförsäkring	668,318	2.0%
Jan Risberg	625,000	1.9%
Tethys Oil AB	474,673	1.4%
Daniel Hägerlöf	461,800	1.4%
New York City Employees Retirement System (NYCERS)	393,138	1.2%
AXA	354,342	1.1%
Missouri Local Government Employees Retirement	316,880	1.0%
Anette Af Ekenstam	300,000	0.9%
Other shareholders, appr. 10,600	19,176,019	58.0%
<b>Total number of shares</b>	<b>33,056,608</b>	<b>100%</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

MUSD	Note	Second quarter 2022	Second quarter 2021	First six months 2022	First six months 2021	Full year 2021
<b>Revenue and other income</b>	3	<b>37.8</b>	<b>26.1</b>	<b>72.4</b>	<b>51.6</b>	<b>112.7</b>
Operating expenses		-12.1	-9.9	-24.8	-21.8	-43.8
<b>Gross profit</b>		<b>25.7</b>	<b>16.2</b>	<b>47.6</b>	<b>29.8</b>	<b>68.9</b>
Depletion, depreciation and amortisation	2, 4	-10.2	-10.2	-20.7	-20.8	-41.2
Exploration costs		-	-	-1.0	-	-4.1
Administrative expenses		-1.6	-1.7	-3.4	-2.9	-7.5
<b>Operating result</b>		<b>13.9</b>	<b>4.3</b>	<b>22.5</b>	<b>6.1</b>	<b>16.1</b>
<b>Financial result – net</b>		<b>3.1</b>	<b>-0.9</b>	<b>4.4</b>	<b>0.4</b>	<b>0.6</b>
<b>Result before tax</b>		<b>17.0</b>	<b>3.4</b>	<b>26.9</b>	<b>6.5</b>	<b>16.7</b>
Income tax		-	-	-	-	-
<b>Net result</b>		<b>17.0</b>	<b>3.4</b>	<b>26.9</b>	<b>6.5</b>	<b>16.7</b>
<b>Other comprehensive income</b>						
Items that may be subsequently reclassified to profit or loss:						
Exchange differences		-4.5	1.0	-5.6	-0.7	-1.5
<b>Other comprehensive income</b>		<b>-4.5</b>	<b>1.0</b>	<b>-5.6</b>	<b>-0.7</b>	<b>-1.5</b>
<b>Total comprehensive income</b>		<b>12.5</b>	<b>4.4</b>	<b>21.3</b>	<b>5.8</b>	<b>15.2</b>
<i>Total comprehensive income attributable to:</i>						
Shareholders in the parent company		12.5	4.4	21.3	5.8	15.2
Non-controlling interest		-	-	-	-	-
<b>Result per share</b>						
Earnings per share (before dilution), USD		0.52	0.10	0.83	0.20	0.51
Earnings per share (after dilution), USD		0.52	0.10	0.82	0.20	0.51
Weighted average number of shares (before dilution)		32,581,935	32,620,968	32,581,935	32,627,999	32,619,054
Weighted average number of shares (after dilution)		32,780,953	32,666,215	32,730,450	32,668,933	32,660,948

**CONSOLIDATED BALANCE SHEET IN SUMMARY**

<b>MUSD</b>	<b>Note</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	4	226.5	204.9
Other fixed assets		0.7	1.1
		<b>227.2</b>	<b>206.0</b>
<b>Current assets</b>			
Trade and other receivables	5	11.9	9.2
Prepaid expenses		0.3	0.7
Cash and cash equivalents		40.2	68.6
		<b>52.4</b>	<b>78.6</b>
<b>TOTAL ASSETS</b>		<b>279.6</b>	<b>284.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		-5.3	0.3
Retained earnings		183.3	179.2
<b>Total shareholders' equity</b>		<b>255.1</b>	<b>256.6</b>
<b>Non-current liabilities</b>			
Non-current provisions		13.4	12.8
Other non-current liabilities		0.6	0.8
		<b>14.0</b>	<b>13.6</b>
<b>Current liabilities</b>			
Accounts payable and other current liabilities	6	10.5	14.1
Current provisions		-	0.2
		<b>10.5</b>	<b>14.3</b>
<b>Total liabilities</b>		<b>24.5</b>	<b>27.9</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>279.6</b>	<b>284.5</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
<b>Opening balance 1 January 2021</b>	<b>0.8</b>	<b>76.3</b>	<b>1.8</b>	<b>178.8</b>	<b>257.7</b>
Net result 2021	-	-	-	16.7	16.7
Other comprehensive income	-	-	-1.5	-	-1.5
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-1.5</b>	<b>16.7</b>	<b>15.2</b>
<b>Transactions with owners</b>					
Share issue	-	-	-	-	-
Repurchase of shares	-	-	-	-1.0	-1.0
Dividend	-	-	-	-7.8	-7.8
Share redemption	-	-	-	-7.7	-7.7
Incentive programme	-	-	-	0.2	0.2
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-16.3</b>	<b>-16.3</b>
<b>Closing balance 31 December 2021</b>	<b>0.8</b>	<b>76.3</b>	<b>0.3</b>	<b>179.2</b>	<b>256.6</b>
<b>Opening balance 1 January 2022</b>	<b>0.8</b>	<b>76.3</b>	<b>0.3</b>	<b>179.2</b>	<b>256.6</b>
Net result first six months 2022	-	-	-	26.9	26.9
Other comprehensive income	-	-	-5.6	-	-5.6
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-5.6</b>	<b>26.9</b>	<b>21.3</b>
<b>Transactions with owners</b>					
Share issue	-	-	-	-	-
Repurchase of shares	-	-	-	-	-
Dividend	-	-	-	-6.6	-6.6
Share redemption	-	-	-	-16.2	-16.2
Incentive programme	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-22.8</b>	<b>-22.8</b>
<b>Closing balance 30 June 2022</b>	<b>0.8</b>	<b>76.3</b>	<b>-5.3</b>	<b>183.3</b>	<b>255.1</b>

**CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY**

MUSD	Note	Second quarter 2022	Second quarter 2021	First six months 2022	First six months 2021	Full year 2021
<b>Cash flow from operations</b>						
Result before tax		17.0	3.4	26.9	6.5	16.7
Adjustment for:						
Exploration costs		-	-	1.0	-	4.1
Depletion, depreciation, amortisation and other non-cash related items		6.8	11.6	16.5	20.2	40.4
<b>Total cash flow from operations before change in working capital</b>		<b>23.8</b>	<b>15.0</b>	<b>44.4</b>	<b>26.7</b>	<b>61.2</b>
Change in receivables		12.7	1.7	-2.3	-6.1	-0.6
Change in liabilities		-9.7	-3.4	-3.7	-4.5	4.3
<b>Cash flow from operations</b>		<b>26.8</b>	<b>13.3</b>	<b>38.4</b>	<b>16.1</b>	<b>64.9</b>
<b>Investment activity</b>						
Investment in oil and gas properties	4	-19.6	-8.4	-44.2	-8.9	-35.2
Investment in other fixed assets		-0.1	-	-0.2	-	-
<b>Cash flow from investment activity</b>		<b>-19.7</b>	<b>-8.4</b>	<b>-44.4</b>	<b>-8.9</b>	<b>-35.2</b>
<b>Financing activity</b>						
Repurchase of shares		-	-	-	-0.7	-1.0
Dividend		-6.6	-7.8	-6.6	-7.8	-7.8
Share redemption		-16.2	-7.7	-16.2	-7.7	-7.7
<b>Cash flow from financing activity</b>		<b>-22.8</b>	<b>-15.5</b>	<b>-22.8</b>	<b>-16.2</b>	<b>-16.5</b>
<b>Period cash flow</b>		<b>-15.7</b>	<b>-10.6</b>	<b>-28.8</b>	<b>-9.0</b>	<b>13.2</b>
Cash and cash equivalents at the beginning of the period		55.4	57.0	68.6	55.4	55.4
Exchange gains/losses on cash and cash equivalents		0.5	-0.2	0.4	-0.2	0.0
<b>Cash and cash equivalents at the end of the period</b>		<b>40.2</b>	<b>46.2</b>	<b>40.2</b>	<b>46.2</b>	<b>68.6</b>

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

MSEK	Note	Second quarter 2022	Second quarter 2021	First six months 2022	First six months 2021	Full year 2021
Other income		3.3	2.5	7.0	6.5	14.6
Administrative expenses		-9.8	-8.9	-19.9	-15.0	-40.2
<b>Operating result</b>		<b>-6.5</b>	<b>-6.4</b>	<b>-12.9</b>	<b>-8.5</b>	<b>-25.6</b>
Net financial result		41.5	0.1	59.1	17.6	386.5
<b>Result before tax</b>		<b>35.0</b>	<b>-6.3</b>	<b>46.2</b>	<b>9.1</b>	<b>360.9</b>
Income tax		-	-	-	-	-
<b>Net Result<sup>1</sup></b>		<b>35.0</b>	<b>-6.3</b>	<b>46.2</b>	<b>9.1</b>	<b>360.9</b>

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	30 Jun 2022	31 Dec 2021
<b>ASSETS</b>			
Total non-current assets		761.7	510.5
Total current assets		64.8	79.9
<b>TOTAL ASSETS</b>		<b>826.5</b>	<b>590.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		204.2	386.2
Total current liabilities		545.2	127.1
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>826.5</b>	<b>590.4</b>



## 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 interim report for the period ended 30 June 2022, has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act.

The interim consolidated financial statements have been prepared, consistent with the 2021 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Accounts Act.

The Parent Company’s financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the recommendations “RFR 2 on Financial Reporting for Legal Entities” issued by the Swedish Financial Reporting Board.

The interim report does not contain the entirety of the information that appears in the annual report and accordingly, the interim report should be read in conjunction with the 2021 annual report.

The same accounting principles have been applied during the period as were applied during the 2021 financial year and corresponding interim reporting period in the way they were described in the 2021 annual report.

The interim financial information for 2022 has not been reviewed by the company’s auditors. The interim financial information for 2021 is reviewed.

### Exchange rates

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

Currency	30 Jun 22		30 Jun 21		31 Dec 21	
	Average	Period end	Average	Period end	Average	Period end
SEK/USD	9.59	10.22	8.40	8.51	8.56	9.04

### 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 the government’s 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’s share of the oil. The effect of these taxes is netted against revenue and other income in the income statement.

### Note 1) Risks and uncertainties

Tethys Oil is exposed to a variety of risks associated with oil and gas operations. Risk management is an integral part of the Company’s business activities, and the business areas consequently have the main responsibility for managing risks arising from its business activities. A detailed analysis of Tethys Oil’s operational, financial, and external risks and mitigation of those risks through risk management is described in Tethys Oil’s Annual report 2021.

#### *Covid-19*

The global pandemic Covid-19 negatively impact the risk assessment on financial and operational matters and as such Tethys Oil continues to follow any development regarding Covid-19 closely. However, during the first six months of 2022, Covid-19’s effect on Tethys Oil’s operations have been negligible. Accordingly, management does not consider the Covid-19 pandemic’s impact as a key risk to Tethys Oil’s ability to conduct its operations profitably and without disruption.

#### *The conflict in Ukraine*

The conflict in Ukraine has, directly and indirectly, a significant effect on the world economy and the oil price. Tethys Oil has no operations in the affected geographical areas. Tethys Oil operations in Oman are not considered to be at risk and is not directly affected. However, Tethys Oil is dependent on the world economy at large. Management follows the situation carefully and react accordingly when necessary.

## Note 2) Segment reporting

The Group's Operating segments are 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. Non-producing assets include 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. Oil & Gas properties detailed analysis is presented in note 4.

Group income statement Jan-Jun 2022				
MUSD	Producing assets	Non-producing assets	Other	Total
Revenue and other income <sup>1</sup>	72.4	-	-	72.4
Operating expenses	-24.8	-	-	-24.8
Depreciation, depletion and amortisation	-20.5	-	-0.2	-20.7
Exploration costs	-1.0	-	-	-1.0
Administrative expenses	-2.3	-	-1.1	-3.4
<b>Operating result</b>	<b>23.8</b>	<b>-</b>	<b>-1.3</b>	<b>22.5</b>
Revenue by country	Producing assets	Non-producing assets	Other	Total
Revenue and other income <sup>1</sup>				
Oman	72.4	-	-	72.4
Other	-	-	-	-
Oil and gas properties as of 30 June 2022	Producing assets	Non-producing assets	Other	Total
Oil and gas properties	184.4	41.8	0.3	226.5

Group income statement Jan-Jun 2021				
MUSD	Producing assets	Non-producing assets	Other	Total
Revenue and other income <sup>1</sup>	51.6	-	-	51.6
Operating expenses	-21.8	-	-	-21.8
Depreciation, depletion and amortisation	-20.7	-	-0.1	-20.8
Exploration costs	-	-	-	0.0
Administrative expenses	-1.5	-	-1.4	-2.9
<b>Operating result</b>	<b>7.6</b>	<b>-</b>	<b>-1.5</b>	<b>6.1</b>
Revenue by country	Producing assets	Non-producing assets	Other	Total
Revenue and other income <sup>1</sup>				
Oman	51.6	-	-	51.6
Other	-	-	-	-
Oil and gas properties as of 30 June 2021	Producing assets	Non-producing assets	Other	Total
Oil and gas properties	183.1	20.4	0.0	203.5

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

**Note 3) Revenue and other income**

MUSD	Second quarter 2022	Second quarter 2021	First six months 2022	First six months 2021	Full year 2021
Revenue	26.1	28.5	64.7	45.7	113.5
Underlift (+) /overlift (-), adjustments	11.7	-2.4	7.7	5.9	-0.8
<b>Revenue and other income</b>	<b>37.8</b>	<b>26.1</b>	<b>72.4</b>	<b>51.6</b>	<b>112.7</b>

**Note 4) Oil and gas properties**

MUSD			30 Jun 2022	Investments	DD&A	Exploration cost	Site restoration and other adjustments	31 Dec 2021
Licence	Phase	Tethys Oil's share						
Blocks 3&4, Oman	Prod.	30%	184.5	26.1	-20.5	-1.0	-1.0	180.9
Block 49, Oman	Expl.	100%*	0.4	0.0	-	-	-	0.4
Block 56, Oman	Expl.	65%	34.6	17.9	-	-	-	16.7
Block 58, Oman	Expl.	100%	6.8	0.2	-	-	-	6.6
New ventures			0.3	-	-	-	-	0.3
<b>Total</b>			<b>226.5</b>	<b>44.2</b>	<b>-20.5</b>	<b>-1.0</b>	<b>-1.0</b>	<b>204.9</b>

\* Contingent final formal government approval

**Note 5) Trade and other receivables**

MUSD	30 Jun 2022	31 Dec 2021
Trade receivable oil sale	-	7.2
Joint operation receivables	4.8	1.7
Underlift position	6.7	-
Other	0.4	0.3
<b>Total</b>	<b>11.9</b>	<b>9.2</b>

**Note 6) Accounts payable and other current liabilities**

MUSD	30 Jun 2022	31 Dec 2021
Accounts payable	0.4	0.3
Joint operations payable	9.2	11.6
Overlift position	-	1.0
Other current liabilities	0.9	1.2
<b>Total</b>	<b>10.5</b>	<b>14.1</b>

**Note 7) 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.

Tethys Oil enters into related-party transactions as part of the normal course of business and on an arm's length basis. During the period, there were no transactions with related parties external to the Group.

**Note 8) Pledged assets**

The parent company has MSEK 0.5 (MSEK 0.5) pledge related to the office rental.

**Note 9) Contingent liabilities**

As part of the farmin transaction with Medco for Block 56 there is further potential consideration contingent upon a declaration of commerciality.

**Note 10) Subsequent events**

No significant events have occurred after the end of the reporting period.

**ALTERNATIVE PERFORMANCE MEASURES: RELEVANT RECONCILIATIONS**

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 presented in the section "Alternative performance measures: Glossary and Definitions, definitions of alternative performance measures" additional information can be found in the 2021 Annual Report.

<b>EBITDA and Net cash, MUSD</b>	<b>Second quarter 2022</b>	<b>Second quarter 2021</b>	<b>First six months 2022</b>	<b>First six months 2021</b>	<b>Full year 2021</b>
Operating result	13.9	4.3	22.5	6.1	16.1
Add: Depreciation, depletion and amortisation	10.2	10.2	20.7	20.8	41.2
Add: Exploration costs	0.0	-	1.0	-	4.1
<b>EBITDA</b>	<b>24.1</b>	<b>14.5</b>	<b>44.3</b>	<b>26.9</b>	<b>61.4</b>
Cash and cash equivalents	40.2	46.2	40.2	46.2	68.6
Less: Interest bearing debt	-0.6	-0.7	-0.6	-0.7	-0.8
<b>Net cash</b>	<b>39.6</b>	<b>45.5</b>	<b>39.6</b>	<b>45.5</b>	<b>67.8</b>

**Key data per quarter**

	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q2 2021</b>
Net daily production before government take, Blocks 3&4, bbl	10,068	10,475	10,659	11,280	11,030
Net entitlement barrels, bbl	385,005	433,052	432,469	428,121	420,655
Net entitlement's shares of production, percent	42%	46%	44%	41%	42%
Oil sales, bbl	261,072	479,544	514,683	448,740	477,708
Achieved Oil Price, USD/bbl	100.1	80.4	73.7	66.7	59.7
Average Oman oil price (OSP), USD/bbl	101.8	79.0	74.6	70.3	62.8
Operating expenses, USD/bbl	13.2	13.4	11.5	10.4	9.9
Revenue and other income, MUSD	37.8	34.6	31.8	29.4	26.1
EBITDA, MUSD	24.1	20.2	18.0	16.5	14.5
Operating result, MUSD	13.9	8.7	4.0	6.0	4.3
Earnings per share after dilution, USD	0.52	0.30	0.12	0.19	0.10
Cash flow from operations, MUSD	26.8	11.6	26.5	22.3	13.3
Investment in oil and gas properties, MUSD	19.6	24.6	17.2	9.2	8.4
Free cash flow, MUSD	7.1	-13.1	9.4	13.1	4.9
Cash and cash equivalents, MUSD	40.2	55.4	68.6	59.4	46.2
Return on shareholder's equity, rolling 12 months	15%	9%	6%	4%	1%
Return on capital employed, rolling 12 months	12%	8%	6%	4%	2%
Share price end of period, SEK	63.5	78.8	62.3	60.8	58.4

**ALTERNATIVE PERFORMANCE MEASURES: GLOSSARY AND DEFINITIONS**

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance, or cash flows that are not defined or specified in the applicable regulations for financial

reporting, IFRS, and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS.

If an alternative performance measure cannot be identified directly from the financial statements, a reconciliation is required.

**Definitions of key ratios and abbreviations**

<b>EBITDA-margin</b>	EBITDA as a percentage of yearly revenue and other income.
<b>Equity ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Net entitlement, barrels &amp; %</b>	Volumes and share of oil production from Joint operation, which the company is entitled to sell. Calculated monthly based on EPSA. Consist of 2 components: Cost oil and Profit Oil.
<b>Cost Oil</b>	The Cost Oil is the value of recoverable costs incurred in the period and any outstanding balance of unrecovered historical cost from previous periods ("the Cost Pool") The total amount of Cost Oil for a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP").
<b>Profit Oil</b>	Profit Oil remains after the deduction of Cost Oil. Most of the Profit Oil is the government's take according to a fixed percentage.
<b>Cost pool</b>	Any outstanding balance of unrecovered historical cost from previous periods.
<b>Production before government take</b>	Net share of total production.
<b>Underlift/ Overlift</b>	Calculation of net from Net Entitlement barrels and lifted barrels. Lifting more barrels than entitlement barrels resulted in an overlift and the opposite in an underlift.
<b>Netback</b>	Gross profit per barrel of oil. Average OSP reduced by royalties/government take and operating and transport expenses per barrel.
<b>Achieved Oil Price</b>	Achieved Oil Price is calculated with revenue from oil sales within the period divided by sold barrels of oil.
<b>Average OSP</b>	The Average OSP is calculated as the production weighted average of the monthly Official Selling Price (OSP) for Omani Export Blend in the quarter and does not take into consideration the timing of monthly liftings or any trading and quality adjustments (as is the case with the Achieved oil price).
<b>Oman OSP</b>	Oman's Official Selling Price (OSP) 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.
<b>Net cash</b>	Cash and equivalents less interest-bearing debt.
<b>Number of employees</b>	Average number of fulltime employees during the period.
<b>Shareholders' equity per share</b>	Shareholders' equity divided by the number of outstanding shares.
<b>Weighted average number of shares (after dilution)</b>	Number of shares at the beginning of the year with newly issued shares time weighted for the period on issue. Dilution effects include potential shares that may be converted to shares under favourable conditions, primarily warrants with subscription prices lower than the share price.
<b>Treasury shares</b>	Own share held by Tethys Oil for future use.
<b>Earnings per share</b>	Net result divided by the weighted number of shares.
<b>SEK</b>	Swedish krona.
<b>MSEK</b>	Millions of Swedish kronor.
<b>USD</b>	US dollar.
<b>MUSD</b>	Millions of US dollars.
<b>Bbl</b>	One barrel of oil = 159 litres, 0.159 cubic meters.
<b>Bopd</b>	Oil production is often given in numbers of Barrels of Oil per Day.
<b>Mbo</b>	Thousand Barrels.
<b>Mmbo</b>	Million Barrels.
<b>EPSA</b>	Exploration and Production Sharing Agreement.

## ABOUT TETHYS OIL (PUBL)

Tethys Oil is an oil exploration and production company with focus on onshore areas with known oil discoveries. The company's core area is the Sultanate of Oman, where it has been present since 2006 and currently holds interests in Blocks 3&4, Block 49, Block 56 and Block 58. Tethys Oil has 2P reserves of 26.2 mmbo and 2C Contingent Resources of 15.6 mmbo and had an average oil production of 11,136 barrels per day during 2021. The company's shares are listed on Nasdaq Stockholm (TETY).  
Website: [www.tethysoil.com](http://www.tethysoil.com)

### Mission

Tethys Oil is an oil and gas exploration and production company with a primary objective of creating shareholder value working across the whole upstream industry lifecycle of exploration, appraisal, development, and production. A central belief in our business model is to explore for and produce oil and gas in an economically, socially, and environmentally responsible way. The Group applies the same standards to its activities worldwide to satisfy both its commercial and ethical requirements in accordance with our Code of Conduct.

Tethys Oil seeks to be a sustainable and profitable business long-term. Sustainability means running a business that is not only profitable but is aligned with the requirements and expectations of stakeholders both within and outside the Group.

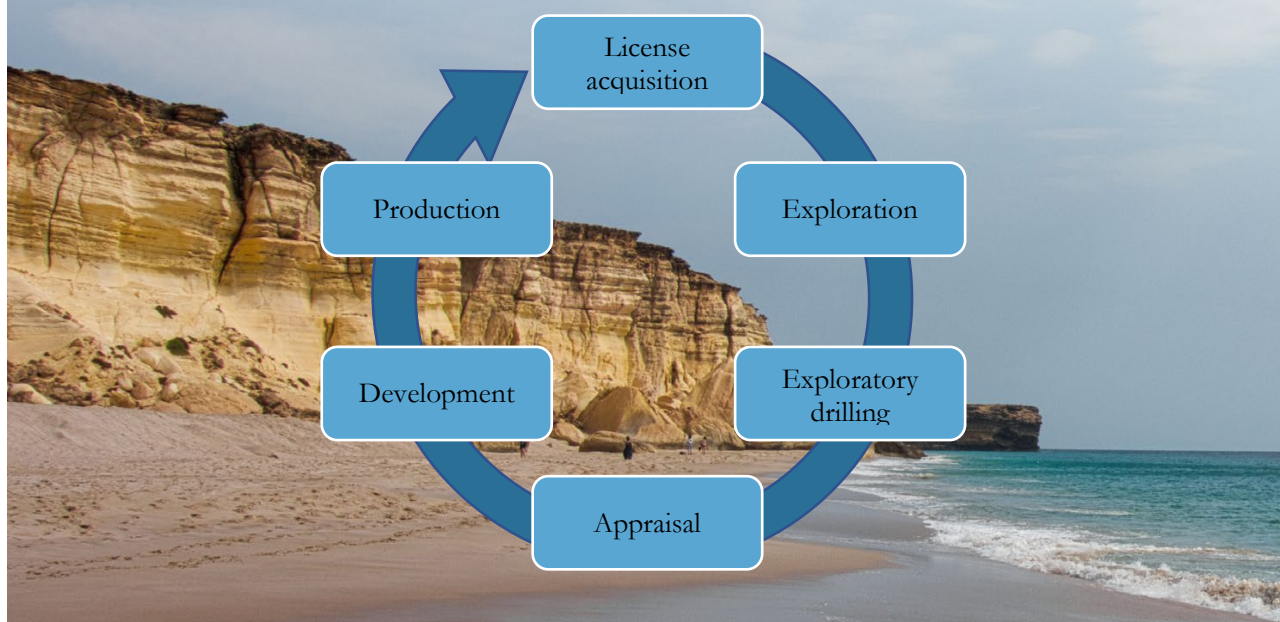
### Vision

Tethys Oil's vision is that growth continues through its exploration success. It seeks to build, maintain and expand a well-balanced and self-financed portfolio of oil assets, offering a measured exposure to onshore production, development, appraisal and exploration potential. The focus of today and tomorrow is on geographies with proven petroleum systems, existing infrastructure, established institutional frameworks and low political risk. In all its activities, Tethys Oil seeks a balanced approach to risk.

### Values

Tethys Oil's corporate culture emanates from the Group's Scandinavian roots. It is the responsibility of Tethys Oil's management to foster a corporate culture that promotes the values and principles outlined in Tethys Oil's Code of Conduct. Tethys Oil aims to act in all respects in a responsible, fair, accountable and ethical manner towards all aspects of the environment and to all individuals and entities that the Group encounters in its course of doing business. Tethys Oil aims to apply the same standards to all its activities wherever they are carried out.

It is of vital importance to Tethys Oil that the Group maintains and further builds on its reputation as a responsible and forward-looking corporate citizen in all countries where Tethys Oil has a presence and in relation to all stakeholders, may they be shareholders, employees, contractors, partners or someone else.



Stockholm, 9 August 2022

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

The Board of Directors

Per Seime  
*Chairman*

Rob Anderson  
*Director*

Klas Brand  
*Director*

Alexandra Herger  
*Director*

Magnus Nordin  
*Managing Director*

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

**FINANCIAL CALENDAR:**

- Report for third quarter 2022 (January – September 2022) on 8 November 2022
- Report for fourth quarter 2022 (January – December 2022) on 7 February 2023
- Report for first quarter 2023 (January – March 2023) on 9 May 2023
- Report for the second quarter 2023 (January- June 2023) on 8 August 2023

**CONFERENCE CALL**

**Date:** 9 August 2022

**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/wfoxofja>

**To participate via phone, please register [here](#) to receive dial-in information.**

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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*This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on 9 August 2022.*