



Press Release

24 January 2024 19:45:00 CET

Tethys Oil expects to recognise a MUSD 37-47 impairment charge and exploration costs of MUSD 6.3 relating to Blocks 3&4 in the fourth quarter 2023

Based on the preliminary results of an impairment test of the oil and gas properties and evaluation of exploration activities relating to Tethys Oil's interest in Blocks 3&4 in the Sultanate of Oman, the company expects to recognise a non-cash impairment charge of MUSD 37-47 and exploration costs of MUSD 6.3 in its income statement for the fourth quarter 2023.

As a consequence of the 2023 exploration and development investments not yielding the expected production output and reserve additions, Tethys Oil has performed an impairment test of the interest in Blocks 3&4 using updated internal estimates of reserves and resources ahead of the finalisation of the reserve evaluation. The impairment test has taken into account future production and expenditure estimates as well as updated oil price forecasts and cost of capital assumptions. This has resulted in an expected impairment charge of MUSD 37-47, which will have a non-cash effect on the results for the fourth quarter of 2023. The remaining book value of oil and gas properties related to Blocks 3&4 as of 31 December 2023 is expected to be MUSD 180-190. The impairment charge and exploration costs are not expected to affect Tethys Oil's general operations or organisation.

Additionally, Tethys Oil expects to recognise exploration costs of MUSD 6.3 in the fourth quarter relating to previously capitalised exploration expenditures. The exploration costs relate to four exploration wells drilled on Blocks 3&4 in 2023 which have not resulted in a commercial discovery. In total, the exploration costs and the impairment charge are expected to have a combined negative non-cash effect on profit for the fourth quarter 2023 of MUSD 43-53.

Tethys Oil expects reserve additions and revisions to be positive in 2023 but not to the extent that it will fully offset the full year production of 3.2 million barrels of oil. As such, the total proven and probable reserves (2P) are expected to be lower as of 31 December 2023 than on 31 December 2022, the effective date for the previous reserves and resources evaluation report.

All figures relating to 2023 in this press release are preliminary and unaudited. Tethys Oil's fourth quarter and year-end report 2023, including guidance for 2024 and an executive summary of the full reserves and resources evaluation report for Blocks 3&4 will be published on 6 February 2024, at approximately 07:30 CET.

“We are pleased to note that the production on Blocks 3&4 seem to have stabilised over the past couple of months. However, looking back on the full year 2023, we are not happy about the general development and the return on investments made. This development is reflected in the impairment charge to our oil and gas properties. We are, however, still in possession of significant oil reserves and resources on Blocks 3&4, so together with the partner group we will continue working hard on increasing the profitability of the blocks in 2024”, says Magnus Nordin, Managing Director of Tethys Oil.

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Tethys Oil AB (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 holds interests in Blocks 3&4, Block 49, Block 56 and Block 58. Tethys Oil has net working interest 2P reserves of 23.9 mmbo and net working interest 2C Contingent Resources of 14.6 mmbo and had an average oil production of 9,940 barrels per day during 2022. The company's shares are listed on Nasdaq Stockholm (TETY). Website: www.tethysoil.com

This information is information that Tethys Oil is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-01-24 19:45 CET.

Attachments

Tethys Oil expects to recognise a MUSD 37-47 impairment charge and exploration costs of MUSD 6.3 relating to Blocks 3&4 in the fourth quarter 2023