Tethys Oil AB (publ)
Fourth quarter and year-end report
1 January – 31 December 2023

TETHYS OIL

Fourth quarter 2023 (Third quarter 2023)

- **The exploration well Menna-1 on Block 56 was drilled in December with well logs indicating hydrocarbons in three formations. Testing to commence in the first quarter.**
- **The first phase of the Gas-to-Power project, which aims to reduce emissions and operating cost on Blocks 3&4, was commissioned at the end of the year.**
- **Production from Blocks 3&4 in the quarter amounted to 8,397 barrels of oil per day (8,486), with a Net entitlement of 52% (52%) and an achieved oil price of USD 90.4 per barrel (76.9).**
- **Revenue and other income was MUSD 36.4 (31.8) and EBITDA MUSD 21.5 (16.4).**
- **Cash flow from operations was MUSD 21.9 (14.8) and Free cash flow MUSD 2.5 (-6.1).**
- **An impairment charge of MUSD 36.9 (-) was recognised in the fourth quarter following an impairment test of the value of Oil and gas properties related to Blocks 3&4.**
- **Exploration costs of MUSD 6.3 was recognised in the fourth quarter relating to four exploration wells drilled in Blocks 3&4 in 2023.**

Events after the period end

- **Tethys Oil has received a credit commitment for a MUSD 60 amortising term loan facility from one of the leading banks of the United Arab Emirates (UAE). The loan agreement is expected to be finalised by the end of the first quarter.**
- **Tethys Oil's Board of Directors has decided to initiate a strategic review of the Group's portfolio of Oil and Gas interests. The review will explore the possibility of rebalancing the portfolio's mix of assets in different stages of the lifecycle and increasing the visibility of the assets' fair market value.**

Reserves and Resources

- **2P reserve replacement ratio of 32 percent. (2022: 37 percent).**
- **Year-end 2023 2P Reserves of 21,698 mbo (2022: 23,901) and 2C Contingent Resources of 15,529 mbo (2022: 14,623).**

Dividend and Distributions

- **The board of directors has elected to defer its dividend proposal until the assessment of capital requirements and the strategic portfolio review have been completed.**

2024 Outlook and Guidance

- **Production guidance for the full year 2024 is expected to be 8,200 ± 400 barrels of oil per day.**
- **Operating expenditures for the full year 2024 are expected to be about USD 17.5 per barrel of oil.**
- **Administrative expenses are expected to be in the range of MUSD 6-8 for the full year 2024**
- **Investments in oil and gas properties are expected to be in the range of MUSD 90-94.**

MUSD, unless specifically stated	**Fourth quarter 2023**	Third quarter 2023	Fourth quarter 2022	**Full year 2023**	Full year 2022
Net daily production, before government take, barrels per day	**8,397**	8,486	9 441	**8,818**	9,940
Production before government take, bbl	**772,515**	780,676	868 589	**3,218,625**	3,628,074
Net entitlement barrels, bbl	**401,708**	405,952	467 564	**1,673,685**	1,664,363
Net entitlement as share of production, percent	**52%**	52%	54%	**52%**	46%
Achieved Oil Price, USD/bbl	**90.4**	76.9	93.3	**82.4**	94.2
Revenue and other income	**36.4**	31.8	43.2	**138.2**	156.5
EBITDA	**21.5**	16.4	27.8	**73.5**	99.1
Operating result	**-31.9**	6.5	14.8	**-11.6**	54.2
Net result	**-38.7**	6.2	13.0	**-16.5**	58.3
Earnings per share, after dilution, USD	**-1.20**	0.19	0.40	**-0.51**	1.78
Cash flow from operations	**21.9**	14.8	25.2	**82.7**	87.0
Investments in oil and gas properties	**19.2**	21.1	24.6	**81.7**	89.1
Free cash flow	**2.5**	-6.1	0.4	**0.8**	-2.3
Cash and cash equivalents	**25.8**	27.7	41.5	**25.8**	41.5

Letter to shareholders

Dear Friends and Investors,

The year and the quarter ended on a stabilizing and promising note; however, the overall outcome of 2023 could have been better.

Production from Blocks 3&4 stabilised during the 4th quarter at nearly 8,400 bopd giving an overall average of close to 8,800 bopd for the year. We have invested significantly in the Blocks in 2023, not only to make up for the lost time and lower investment during the pandemic years 2020-2021 but also as an affirmation of our long-term belief in the potential in the Blocks. Two such notable long-term investments are the 3D seismic acquisition and Gas-to-Power project.

The Gas-to-Power project aims to reduce routine flaring of the associated gas produced on Blocks 3&4. Instead, the gas will be used as a power source to generate electricity for the production facilities and downhole pumps in the field. This will remove the need for the use of diesel generators which today make up a substantial part of the field's emissions. The project is a major milestone in improving Tethys Oil's environmental footprint and a significant investment. To date the company has invested more than MUSD 15 and expects to invest a further MUSD 10 before the end of 2024. A substantial part of these investments is expected to be recouped through lower operating expenses – which we expect to realise towards the second half of 2024.

The major seismic campaign to cover the entire central part of Blocks 3&4 that has been ongoing for several years will be completed in 2024. A significant investment of MUSD 6 in 2024 (MUSD 11.6 in 2023) that we expect will bear fruit in the coming year's exploration activities. With these major projects completed the operator projects both lower operating and capital expenditures in the years beyond 2024.

We have yet to see the effects of the investments on the reserves and production on Blocks 3&4, but we feel confident that this will soon be the case. In the near term, however, the book value of Oil and gas properties has grown to a level which is not yet reflected in its current performance, and we have thus made an impairment test resulting in an impairment. After the impairment the carrying value of the asset is still an impressive MUSD 190, in line with its historical level and significantly above our current market capitalisation. This value is no less impressive given that the value does not reflect the many upsides which we expect the coming year's exploration and appraisal activities will unlock, not least with the latest state-of-the-art 3D seismic in our possession. Let's not forget that Blocks 3&4 is an asset that has confounded sceptics many times in the past with its hidden treasures.

On Block 58 we are fast approaching the moment of truth with the drilling of the first exploration well in the Fahd area, Kunooz-1, expected to commence before the end of the first quarter.

Our operations on Block 56 have seen continuous activity in the past year with the Extended Well Test proving the productive capacity of the Al Jumd discovery, producing over 60,000 barrels gross, 332 bopd from only two wells. The quest to turn the Eastern Flank trend into our next producing field continued at the end of the fourth quarter with a return to Sarha-3 for a workover and the drilling of the Menna-1 exploration well further south in the trend. Both wells have encountered hydrocarbons across multiple zones and we are looking forward to testing which will commence imminently.

The upcoming test results from Menna-1 and Saraha-3 will be important data points for the field development plan for Block 56 which is currently in progress. A number of important key metrics are being established such as production potential, the reserve and resource base, as well as an assessment of the overall prospectivity of the Block.

Our asset portfolio remains highly promising and with many moving parts. The level of activity is such that our board of directors has elected to defer the decision on shareholder distribution for now and decided to review our asset portfolio composition to make sure we are optimised to deliver on our best opportunities. These are exciting times if also somewhat trying.

So, bear with us, and stay with us. 2024 promises to either be flat or the vigorous start of a new growth phase, led by the commercialisation of Block 56 and of course if the Fahd exploration well on Block 58 is a success…

Stockholm, January 2023
Magnus Nordin
Managing Director

Fourth 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 31 December 2023:

Licences & Agreements	Tethys Oil Interest %	Phase	Expiry date[1]	Partners (operator in bold)
Blocks 3&4, Oman	30	Production phase	July 2040	**CCED**, Tethys Oil, Mitsui
Block 49, Oman	100	Initial exploration phase	December 2023[2]	**Tethys Oil**
Block 56, Oman	65	Second exploration phase	December 2024	**Tethys Oil**, Medco, Biyaq, Intaj
Block 58, Oman	100	Initial exploration phase	July 2024	**Tethys Oil**

Producing assets – Blocks 3&4

Production on Blocks 3&4

Tethys Oil's share of production from Blocks 3&4 during the fourth quarter 2023, before government take, amounted to 772,515 barrels of oil. This corresponds to 8,397 barrels of oil per day (8,486)

Production showed signs of stabilisation during the quarter. The installation of pumps at the end of the third quarter to support production in a number of older wells in the Ulfa field has been completed and they have contributed to higher rates of production. Additionally, the pumps in the remaining wells have performed to expectation without significant stoppages or need for workovers. Drilling during the fourth quarter was focused on bringing new oil to production.

In the fourth quarter, six development wells were drilled. Two wells were targeting the Barik formation on the Farha South field, two other wells were targeting the Khufai formation on the Saiwan East field. The two remaining development wells were targeting the Khufai formation on the Shahd and Ulfa fields respectively. Four appraisal wells were drilled on the Farha South field, three of which were targeting the Barik formation. The final appraisal well targeting the Lower al Bashir formation underwent successful fracking operations and is expected to undergo further testing during the first quarter of 2024.

2023 exploration drilling

The fourth and final exploration well of 2023, Raghad-1, was spudded in November with subsequent drilling conducted in the latter stages of the quarter. Unfortunately, the well was deemed dry as the well logs indicated no presence of hydrocarbons. Further work is ongoing to integrate the result and de-risk follow-on exploration.

In addition to Raghad-1, none of the other three explorations wells drilled in 2023, Jari-1, Elaf-1, and Ragbah-1, were deemed viable to develop commercially.

Seismic acquisition

The 2023/24 seismic acquisition programme covering 6,200 km^2 in the southern part of Block 4 has continued during the quarter and is expected to conclude in the middle of 2024.

Gas-to-Power emission reduction project

The first phase of the Gas-to-Power project was commissioned at the end of the year according to plan. The Gas-to-Power plant will reduce routine flaring of associated gas by utilising it for power generation. By doing so the Blocks 3&4 operations' dependence on diesel powered generators will be reduced and ultimately phased out (in subsequent phases). As of the first quarter 2024 the project is expected to have substantial effect on Tethys Oil's GHG-emissions by reducing the amount of diesel consumed. Cost savings related to the reduction of diesel consumption is expected to come into effect as of the second quarter of 2024 and onwards. The second phase of the project is expected to be completed at the tail end of 2024.

[1] The Model EPSA in Oman consists of two exploration phases (initial phase and second phase) which normally have a duration of three years each. Upon discovery and declaration of commerciality the operator can apply to enter the production phase which typically has a duration of 15-30 years. With each exploration phase the operator commits to a minimum work obligation which usually includes the acquisition of seismic and drilling of wells. In recent years, the Ministry of Energy and Minerals (MEM) has from time to time granted extensions to an ongoing exploration phase to allow the operator to complete its work programme and fulfil its commitments and any subsequent analysis.

[2] The initial exploration phase of the EPSA for Block 49 expired on 31 December 2023 and Tethys Oil are in discussions with the Ministry of Energy and Minerals regarding the possibility of an extension.

Exploration assets

Block 56

Drilling of Menna prospect and preparations of Sarha-3 well
The Menna-1 exploration well was drilled in December reaching a total vertical depth of 1,600 metres after 17 days of operations. The well logs indicated hydrocarbons in the Al Khlata, Karim, and the Birba formations. Further evaluation and testing of the well will be carried out in the first quarter of 2024. The Menna prospect is located some 30 kilometres south-west of the Al Jumd discovery, with which it shares similar characteristics. The prospect is one of several that have been identified on the Eastern Flank trend, which stretches alongside the border of the producing fields in Block 6.

Furthermore, Tethys Oil has completed a workover of the Sarha-3 well in preparation for the testing of the well's remaining zones. Sarha-3, drilled in 2022, is located on the Eastern Flank approximately seven kilometres to the north-east of Menna. Sarha-3 was drilled to a total vertical depth of 1,200 metres with the Gharif, Al Khlata and Karim formations as primary targets. Like Menna-1, the well logs for Sarha-3 indicated hydrocarbons in all targets. The initial testing included the Karim formation, from which limited oil flows to surface were recorded. During the first quarter 2024, Tethys Oil is expecting to resume testing of Sarha-3 which will focus on establishing oil flows from the remaining two zones, Al Khlata and Gharif.

Seismic interpretation
Interpretation of the 3D seismic over the Central Area of the block continued during the quarter. The ongoing interpretation is expected to yield an inventory of leads and prospects for further maturation ahead of exploration drilling in the area in 2024.

The road to a development
Planned activities on Block 56 will focus on establishing the resource base of the Eastern Flank trend where a dozen of additional high-quality prospects and leads have been identified. A full prospect and lead inventory is expected to be finalised in the first quarter of 2024.

Tethys Oil intends to use the collected data in the Company's ongoing process to establish a field development plan ("FDP") for Block 56. The FDP, once completed, will in turn serve as the basis for bringing the block to commerciality.

The successful conclusion of the extended well test ("EWT") and the resultant derisking of the Al Jumd discovery are the first building blocks towards a commercial development of the Eastern Flank trend. The concept taking shape includes the development of a cluster of discoveries applying the learnings from Al Jumd, which forms the basis for the conceptual development plan being prepared.

Oil exports and liftings from the EWT
During the fourth quarter the remaining two liftings of the oil produced during the EWT was carried out. The first lifting in October amounted to 5,250 barrels of oil at a price of USD 86.8 per barrel and the second was in December and amounted to 6,650 barrels of oil at a price of USD 90.0 per barrel. The proceeds have been received from both liftings and 75 percent has been transferred to the government. Total lifted volume (gross) from the EWT amounted to 60,379 barrels of oil, resulting in total proceeds of MUSD 4.7 (gross from field, shared with government and partners). During the EWT, Tethys Oil has handled the oil sales on behalf of the partners and government splitting the proceeds in accordance with a provisional formula of 75/25 to the government. Tethys Oil has received 65 percent of the contractor share of the production and lifting proceeds.

Block 58

Exploration drilling in Fahd area in 2024
In early 2023, Tethys Oil finalised the prospect inventory for the Fahd Area in Block 58's northeastern corner. The area has a total unrisked prospective resource potential of 184 mmbo (Pmean) across three defined prospects, of which the South Fahd prospect is deemed the most promising. Consequently, pre-drill preparations of the South Fahd prospect, Kunooz-1, continued during the quarter and is ongoing, following approval of drilling locations by MEM in the third quarter 2023. Tenders are currently being evaluated with the spudding of the Kunooz-1 well to be expected in the second quarter of 2024.

Developing prospect portfolio of South Lahan
Processing and interpretation of the 450 km^2 3D seismic data in South Lahan has been completed and has yielded the identification of several drillable prospects. Finalisation of the peer review was delayed and is expected to be concluded in the first quarter 2024.

Farmout process ongoing
In the interest of balancing portfolio commitments and risks, as well as creating a technically strong partnership to realise the potential of the block, Tethys Oil continues to explore the possibility of farming out a portion of the interest in the EPSA for Block 58. Constructive discussions are currently ongoing with a select group of companies which could result in a farmout.

Block 49

Thameen-1 re-entry and re-testing
Preparations for the re-entry and re-testing of the Thameen-1 well continued during the quarter. The tendering process that was started during the second quarter for an integrated service contract to provide all services needed for the re-test, including rig, hydro frac services and well testing is ongoing, and tenders received are currently being evaluated. In the event that a satisfactory outcome for all parties cannot be reached, a retender process will have to be considered which may delay the re-testing of the well further. A more detailed timeline and plan on how to best move forward on the block will be presented once the evaluation of the tender is completed.

The initial exploration phase of the EPSA for Block 49 expired on 31 December 2023 and Tethys Oil are in discussions with the Ministry of Energy and Minerals regarding the possibility of an extension.

Reserves and Contingent Resources

Oman, Blocks 3&4

Tethys Oil's net working interest Reserves in Blocks 3&4 in Oman as per 31 December 2023 amount to 21,698 thousand barrels of oil ("mbo") of proven and probable Reserves (2P). The 2P reserve replacement ratio amounts to 32 percent. In addition, Tethys Oil's net working interest resources oil base in Oman amounts to 15,529 mbo of 2C Contingent Resources. The Company's 2023 and 2022 year-end Reserves were evaluated by ERC Equipoise Limited ("ERCE") as independent qualified Reserves evaluator.

Development of Reserves (working interest), Blocks 3&4			
Mbo	1P	2P	3P
Total 31 December 2022	**14,040**	**23,901**	**36,211**
Production 2023	-3,219	-3,219	-3,219
Additions and revisions	1,523	1,016	3,357
Total 31 December 2023	**12,344**	**21,698**	**36,349**
Reserve replacement ratio, %	*47%*	*32%*	*104%*

Additions and revisions include maturation of Contingent Resources to Reserves from the Shahd fields. Revisions of the Reserves also include the net of positive revisions on the Farha South and Saiwan East fields and negative revisions on the Ulfa fields.

Based on ERCE's model and current oil price assumptions, Tethys Oil's net entitlement Reserves (Reserves after government take) amount to 6,419 mbo of 1P, 10,392 mbo of 2P and 14,881 mbo of 3P.

In addition to Reserves, Tethys Oil also announces net working interest Contingent Resources. The bulk of the estimated Contingent Resources are contained in the Ulfa, Samha and Erfan fields. Development of the Contingent Resources in the discoveries is contingent upon a committed work programme as well as budget to access these resources.

Contingent Resources (working interest), Blocks 3&4			
Mbo	1C	2C	3C
Total 31 December 2023	**5,356**	**15,529**	**32,994**

The evaluation of the Reserves in Oman has been conducted using 2018 Petroleum Resources Management System (PRMS2018), sponsored by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts, (SPWLA), and the European Association of Geoscientists & Engineers (EAGE).

Management comments on Reserves

The reserve replacement ratio (RRR) is a reflection of the robust production and increasing recovery factors of the Farha South field. These positive revisions more than offset the negative revisions that stem from the underperforming fields that have impacted production output during 2023. The disappointing results of the exploration drilling and certain appraisal wells during the year limited the RRR to 32 percent.

Production, operating expenditure, investments, and work programme 2024

Full year 2024 production guidance
Tethys Oil expects the full year average production from Blocks 3&4 to be between 8,200 ± 400 barrels of oil per day. February production is expected to be lower than January production levels due to planned maintenance of the Saiwan East production facility for a period of 9 days.

Operating expenditure
Tethys Oil expects the average operating expenditure to be approximately USD 17.5 per barrel for the full year 2024. Due to increased costs related to the ramp up of the Gas to Power project opex is expected to be above the full year average of 17.5 barrel during the first half of 2024 and to decline to a level below the full year average in the second half of the year. For more information on Tethys Oil's operating expenditures, see page 9.

Administrative expenses
Tethys Oil expects the administrative expenses for the full year 2024 to be in the range of MUSD 6-8.

Investments
Tethys Oil's investment in oil and gas properties in 2024 is expected to be in the range of MUSD 90-94.

Tethys Oil's investments on Blocks 3&4 are expected to be in the range of MUSD 63-67 (75.2). During the year MUSD 26.1 is expected to be spent on drilling (33.7), MUSD 6.3 on Seismic acquisition (11.6) and MUSD 9.5 on the Gas-to-Power project (4.0).

2024 spending on Block 49 is expected to be MUSD 0.5 (0.5).

On Block 56, Tethys Oil's 2024 investments is expected to amount to MUSD 8.0 (3.7). This relates mainly to the drilling of the exploration well in the central area which was delayed from 2023 and does not include any potential development expenditure.

On Block 58 Tethys Oil's 2024 investments are expected to amount to MUSD 18.5 (2.2). This investment includes two exploration wells.

Tethys Oil's investments in Oil and gas properties is expected to be funded by a combination of cash flow, cash on hand and external debt.

For more information on Tethys Oil's capital investments, see page 12.

Group Financial Review and Result [3]

Production entitlement and sales

Tethys Oil's oil sales derive 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 received in 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.

The Net Entitlement share of production remained at 52 percent in the fourth quarter. The Average OSP for the quarter was USD 89.7, compared to USD 76.7 in the third quarter.

In the fourth quarter 2023, Tethys Oil's Net Entitlement was 401,708 barrels of oil, down from 405,952 barrels of oil in the third quarter. The decreased Net Entitlement in the fourth quarter is a consequence of the lower production leading to a decreased cost allowance and profit oil. Tethys Oil's share of the Cost Pool as per 31 December 2023 was MUSD 22.2 compared to MUSD 17.2 on 30 September 2023.

In the fourth quarter, Tethys Oil sold 383,004 barrels of oil from Blocks 3&4 compared to 417,275 barrels of oil in the third quarter 2023.

The Achieved Oil Price in the fourth quarter was USD 90.4 per barrel compared to USD 76.9 per barrel in the previous quarter.

As oil sales were lower than the Net Entitlement, an underlift movement of 18,704 barrels was recorded in the fourth quarter, resulting in an underlift closing position. At the end of the fourth quarter Tethys Oil's underlift position was 5,620 barrels of oil compared to an overlift position of 13,083 barrels of oil at the end of the third quarter 2023.[4]

During the second and third quarters, Tethys Oil performed an extended well test on Block 56. The production terms were not commercial and thus ordinary production sharing terms were not applied resulting in a lower entitlement to contractors.

Tethys Oil´s Net Entitlement for the extended well test on Block 56 from the second and third quarters was 9,879 barrels. In the fourth quarter 1,934 barrels of oil were sold compared to 7,878 barrels in the previous quarter. No further oil from the extended well test will be sold. There is a remaining underlift position of 68 barrels, which can be sold should production resume.

Production entitlement and sales	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Blocks 3&4					
Production, before Government take, bbl	**772,515**	780,676	818,432	847,002	868,589
Average daily production, barrels per day	**8,397**	8,486	8,994	9,411	9,441
Net Entitlement barrels, bbl	**401,708**	405,952	425,585	440,441	467,564
Net Entitlement share of production, percent	**52%**	52%	52%	52%	54%
Oil sales, bbl	**383,004**	417,275	463,196	471,550	424,444
Underlift (+) / overlift (-), movement, bbl	**18,704**	-11,323	-37,611	-31,109	43,120
Underlift (+) / overlift (-), closing position, bbl	**5,620**	-13,083	-1,760	35,851	66,961

[3] The Group financial review is performed by analysing the current interim reporting period performance versus the previous interim reporting period. Accordingly, the current interim financial review is focused on developments of the fourth quarter 2023 compared to the third quarter 2023. Management believes that this analysis more precisely demonstrates trends and achievements of the Tethys Oil Group activities. Please note that the financial report statements are 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 fourth quarter and the full year of 2023 presents financial results compared to the fourth quarter and the full year of 2022.

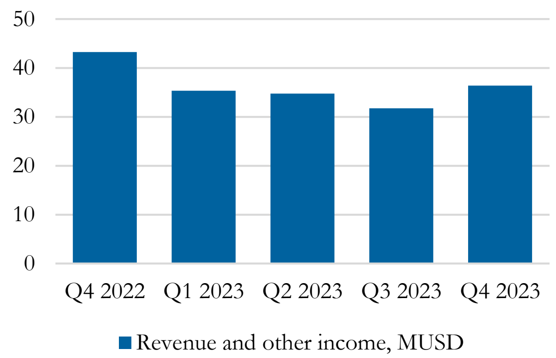
[4] Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to a service provider under a long-term contract. Oil sales volumes are nominated by Tethys Oil two to three months in advance and are not based upon the actual production in a month; as a result, the Group's oil sales volumes can 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.

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 movement in under-/overlift position.

Revenue and other income amounted to MUSD 36.4 compared to MUSD 31.8 in the previous quarter, an increase of 14 percent. The increase is partly the result of higher revenue of MUSD 34.8 in the fourth quarter compared to MUSD 32.7 in the third quarter, following a higher Achieved oil price. Revenue from the extended well test on Block 56 was MUSD 0.2 in the fourth quarter compared to MUSD 0.6 in the third quarter and is included in Revenue and other income.

The underlift adjustment of MUSD 1.6 in the fourth quarter 2023 compared to the overlift adjustment of MUSD -0.9 in the third quarter further contributed to the increase in Revenue and other income.



Operating expenses
Operating expenses for producing assets comprise of Production costs, Workovers and well interventions and Operator G&A and overhead expenses, all relating to Tethys Oil's interest in Blocks 3&4 in Oman.

Operating expenses for the extended well test on Block 56 include primarily the cost of leased production facilities, staff costs, transportation and processing fees and tariffs.

Total operating expenses decreased in the fourth quarter to MUSD 13.2 from MUSD 13.7. The decrease is due to the completion of the extended well test on Block 56 during the third quarter. There were no operating expenses for the extended well test in the fourth quarter compared to MUSD 0.6 in the third quarter.

Operating expenses from producing assets in the fourth quarter of 2023 amounted to MUSD 13.2 compared to MUSD 13.1 for the previous quarter, an increase of 1 percent.

Production costs include expenses for throughput fees, energy, consumables, equipment rental, field staff and maintenance. The production costs increased to MUSD 9.1 during the fourth quarter 2023 from MUSD 8.9 in the previous quarter.

Workovers and well interventions amounted to MUSD 1.4 in the fourth quarter 2023, unchanged from the previous quarter.

Operator G&A and overhead expenses were MUSD 2.7 in the fourth quarter 2023 compared to MUSD 2.8 in the previous quarter.

The increase in operating expenses for producing assets in addition to lower production led to higher operating expenses per barrel of USD 17.1 in the fourth quarter compared to USD 16.8 in the previous quarter.

Operating expenses, MUSD	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Production costs	9.1	8.9	9.5	9.9	8.7
Workovers and well interventions	1.4	1.4	1.9	1.5	1.5
Operator G&A and overhead expenses	2.7	2.8	2.9	3.1	2.8
Operating expenses producing assets (Blocks 3&4)	**13.2**	**13.1**	**14.2**	**14.6**	**13.0**
Operating expenses extended well test Block 56	-	0.6	0.7	-	-
Total operating expenses	**13.2**	**13.7**	**14.9**	**14.6**	**13.0**

Operating expenses per barrel Blocks 3&4, USD	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Production costs per barrel	11.8	11.4	11.6	11.7	10.0
Workovers and well interventions per barrel	1.8	1.9	2.3	1.8	1.8
Operator G&A and overhead expenses per barrel	3.5	3.5	3.5	3.7	3.2
Operating expenses producing assets per barrel	**17.1**	**16.8**	**17.4**	**17.2**	**15.0**

Other expenses and result

Administrative expenses for the fourth quarter 2023 were MUSD 1.6 compared to MUSD 1.7 in the previous quarter.

EBITDA increased to MUSD 21.5 in the fourth quarter, compared to MUSD 16.4 in the third quarter. The increase in EBITDA follows the higher Revenue and other income in addition to the lower Operating and Administrative expenses. DD&A for the fourth quarter was MUSD 10.2 compared to MUSD 10.1 in the third quarter.

The fourth quarter exploration costs of MUSD 6.3 relate to the four exploration wells Jari-1, Elaf-1, Ragbah-1 and Raghad-1 drilled on Blocks 3&4 in 2023 that upon completion and testing were deemed to be non-commercial.

An impairment test was performed of the carrying value of Tethys Oil's interest in Blocks 3&4. The impairment test resulted in a net present value of MUSD 190.0 compared to a carrying value of MUSD 226.9 and thus resulted in a MUSD 36.9 impairment charge in the income statement. The charge has no cash or tax impact. See note 4 for more details concerning the test.

The operating result in the fourth quarter decreased to MUSD -31.9 compared to MUSD 6.5 in the previous quarter due to the Exploration costs and Impairment recorded in the fourth quarter.

Financial net result amounted to MUSD -6.8 compared to MUSD 0.2 in the previous quarter. The loss consists mainly of unrealised exchange rate losses caused by the strengthening of the SEK versus the USD in the fourth quarter.

Net result for the fourth quarter 2023 amounted to MUSD -38.7, down from MUSD 6.2 in the previous quarter. The earnings per share after dilution was USD -1.20, compared to USD 0.19 in the previous quarter.

Financial review and result, MUSD	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	**34.8**	32.7	37.8	38.5	39.6
Underlift (+) / Overlift (-) adjustment	**1.6**	-0.9	-3.1	-3.2	3.6
Revenue and other income	**36.4**	**31.8**	**34.7**	**35.3**	**43.2**
Operating expenses	**-13.2**	-13.7	-14.9	-14.6	-13.0
Administrative expenses	**-1.6**	-1.7	-2.8	-2.1	-2.4
EBITDA	**21.5**	**16.4**	**16.9**	**18.7**	**27.8**
DD&A	**-10.2**	-10.1	-10.7	-11.0	-9.8
Impairment	**-36.9**	-	-	-	-
Explorations costs	**-6.3**	-	-0.1	-	-3.3
Share of net result from associates	**-0.0**	0.2	-	-	-
Operating result	**-31.9**	**6.5**	**6.1**	**7.7**	**14.8**
Financial net result	**-6.8**	0.2	2.0	0.2	-1.3
Income tax	**-**	-0.5	-	-	-0.6
Net result	**-38.7**	**6.2**	**8.1**	**8.0**	**13.0**
Earnings per share, after dilution, USD	***-1.20***	*0.19*	*0.25*	*0.25*	*0.40*

Financials per barrel, USD/bbl	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Achieved Oil Price	**90.4**	76.9	81.6	81.7	93.3
Operating expenses	**17.1**	16.8	17.4	17.2	15.0
EBITDA	**27.8**	21.0	20.7	22.1	32.0
DD&A	**13.2**	12.9	13.1	13.0	11.2

Netback

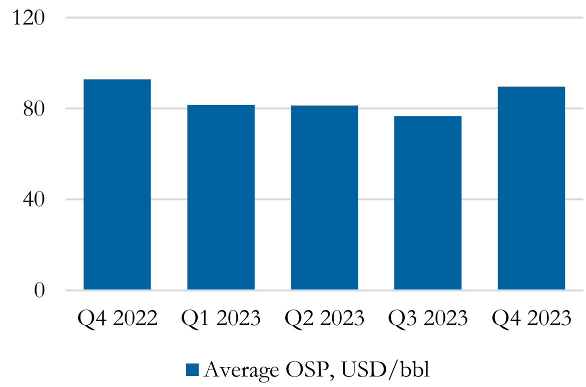
Netback is the gross profit associated with bringing a barrel of oil to market and is calculated as revenues net of production and transportation costs, as well as any royalties and government take.

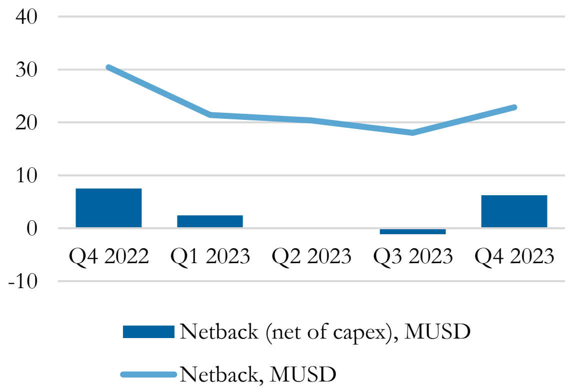
Tethys Oil calculates Netback for its production from Blocks 3&4 and presents it both as a total, as USD per barrel and in MUSD. To align the calculations with the effects of the cost recovery mechanism of the EPSA, Netback (net of capex) is also presented.

Netback (net of Capex) per barrel increased as the higher oil price and lower Capex more than offset the higher Operating expenses.

Netback Blocks 3&4, USD/bbl	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Value of oil produced (Average OSP)	89.7	76.7	81.3	81.6	92.9
Government take	-43.0	-36.8	-39.0	-39.2	-42.9
Entitlement value (after government take)	**46.6**	**39.9**	**42.3**	**42.4**	**50.0**
Operating expenses	-17.1	-16.8	-17.4	-17.2	-15.0
Netback	**29.5**	**23.1**	**24.9**	**25.2**	**35.0**
Capex	-21.5	-24.5	-25.1	-22.4	-26.4
Netback (net of capex)	**8.1**	**-1.4**	**-0.2**	**2.9**	**8.6**

Netback Blocks 3&4, MUSD	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Value of oil produced (Average OSP)	69.3	59.9	66.5	69.1	80.7
Government take	-33.3	-28.7	-31.9	-33.2	-37.3
Entitlement value (after government take)	**36.0**	**31.1**	**34.6**	**35.9**	**43.4**
Operating expenses	-13.2	-13.1	-14.2	-14.6	-13.0
Netback	**22.8**	**18.0**	**20.4**	**21.4**	**30.4**
Capex	-16.6	-19.1	-20.6	-18.9	-22.9
Netback (net of capex)	**6.2**	**-1.1**	**-0.2**	**2.4**	**7.5**





Financial position and cash flow

Assets and equity

As of 31 December 2023, the Group's total assets amounted to MUSD 291.1 compared to MUSD 327.2 at the end of the previous quarter. The majority of the Group's assets are oil and gas properties, making up MUSD 244.8 at the end of the quarter compared to MUSD 277.0 at the end of the previous quarter. In the fourth quarter, the book value of the Oil and gas properties was impacted by Blocks 3&4's exploration costs and impairment charge more than offsetting the net investment in the quarter. As of 31 December 2023, the Shareholders' equity was MUSD 258.2 compared to MUSD 288.4 at the end of the previous quarter.

The impairment of MUSD 36.9 on Blocks 3&4 was primarily a result of the investments in the 2023 work programme not yielding the expected production output and reserves additions. The impairment test was based on the year-end 2023 reserves and resources evaluation and included updated oil price forecasts, cost of capital assumptions as well as future production and expenditure assumptions. For more details on the value of oil and gas properties and the data inputs used for the impairment test, please see note 4.

Liquidity and financing

As of 31 December 2023, cash and cash equivalents amounted to MUSD 25.8 (per 30 September 2023 MUSD 27.7). Tethys Oil has no financial debt.

Tethys Oil has received a credit commitment for a MUSD 60 amortising term loan facility from one of the leading banks of the United Arab Emirates (UAE). The loan agreement is expected to be finalised by the end of the first quarter. The purpose of loan is to provide additional resources for development investments.

Cash flow and investments

Cash flow in the period reflects both the increase in cash flow from operations as well as the lower investments and negative cash flow from financing activities. Total cash flow for the fourth quarter 2023 amounted to MUSD -2.0 compared to MUSD -6.2 in the previous quarter.

Cash flow from operations before change in working capital amounted to MUSD 21.5 compared to MUSD 16.3 in the previous quarter.

The net change in working capital amounted to MUSD 0.4 compared to MUSD -1.5 in the previous quarter. The change in working capital is mainly driven by a decrease in trade receivables and the change from an overlift position to an underlift position.

Cash flow from operations in the fourth quarter 2023 amounted to MUSD 21.9 compared to MUSD 14.8 in the previous quarter.

In the fourth quarter 2023, investment activity decreased to MUSD -19.4 compared to MUSD -20.9 in the previous quarter.

Capital investments on Blocks 3&4 amounted to MUSD 16.6 in the fourth quarter compared to MUSD 19.1 in the previous quarter. The decrease was noted across all capex categories, except for Projects and Facilities which increased in the fourth quarter.

The fourth quarter capital investments on Block 56 of MUSD 2.3 (0.2) relates to the drilling of the exploration well Menna-1 which was completed during the quarter. The capital investment on Block

Balance Sheet, MUSD	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23	31 Dec 22
Non-current assets					
Oil and gas properties	244.8	277.0	266.0	255.3	246.1
Other fixed assets	0.4	0.5	0.5	0.6	0.8
Current assets					
Other current assets	20.1	22.1	20.6	25.3	27.6
Cash and cash equivalents	25.8	27.7	33.9	39.9	41.5
Total assets	**291.1**	**327.2**	**321.0**	**321.2**	**316.0**
Shareholders' equity	258.2	288.4	282.2	291.3	285.2
Non-current liabilities	13.6	11.6	11.5	11.4	11.2
Current liabilities	19.2	27.2	27.3	18.6	19.6
Total equity & liabilities	**291.1**	**327.2**	**321.0**	**321.2**	**316.0**

Cash flow, MUSD	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Cash flow from operations	21.9	14.8	25.7	20.4	25.2
Cash flow from investments	-19.4	-20.9	-21.7	-20.0	-24.7
Free cash flow	2.5	**-6.1**	**4.0**	**0.4**	**0.4**
Cash flow from financing activities	-4.4	-0.1	-10.0	-2.0	-1.3
Period cash flow	-2.0	**-6.2**	**-6.0**	**-1.6**	**-0.8**
Blocks 3&4	16.6	19.1	20.6	18.9	22.9
Block 49	0.1	0.0	0.1	0.3	0.2
Block 56	2.3	0.2	0.5	0.7	0.8
Block 58	0.2	1.7	0.2	0.1	0.7
Total investments in oil and gas properties	19.2	**21.1**	**21.4**	**20.0**	**24.6**

49 and Block 58 of MUSD 0.1 (0.0) and MUSD 0.2 (1.7) respectively are related to the blocks' ongoing activities, including preparations for future drilling.

Tethys Oil's free cash flow for the quarter amounted to MUSD 2.5 compared to MUSD -6.1 in the previous quarter.

The negative cash flow from financing activities increased to MUSD -4.4 compared to MUSD -0.1 in the previous quarter following the dividend payment.

Parent Company & Share

The parent company's operating result for the fourth quarter 2023 amounted to MSEK -17.1 compared to MSEK -5.1 in the previous quarter. Administrative expenses during the period were MSEK 18.4 compared to MSEK 13.4 in the previous quarter. The increase is partly attributed to costs relating to financial reporting and accrued year-end bonuses.

The Financial net result for the fourth quarter 2023 was MSEK 43.0 compared to MSEK 552.9 in the previous quarter. The Financial net result mainly consists of a dividend received from a group company of MSEK 44.4 (538.4), and currency losses of MSEK 2.0 (0.3).

Share data

As of 31 December 2023, the total number of issued shares in Tethys Oil AB was 33,458,828, with a nominal value of SEK 0.18. All shares represent one vote each. The company's shares are listed on Nasdaq Stockholm (TETY).

Share buy-backs

Tethys Oil's Annual General Meeting on 10 May 2023 ("AGM") resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the company's shares. During the fourth quarter 2023 Tethys Oil did not repurchase shares. As of 31 December 2023, Tethys Oil held 1,189,901 shares in treasury – the equivalent of 3.6 percent of issued shares. For the complete repurchase authorisation, please refer to Tethys Oil's website.

Dividend and distribution

The dividend of SEK 2.00 per share (AGM 2022: SEK 2.00) was distributed to the company's shareholders in the fourth quarter following the approval of the Annual General Meeting 2023.

The board of directors has elected to defer its dividend proposal until the assessment of capital requirements for potential development projects have been completed. Further details are to follow in the proposals to the AGM 2024

Warrant based incentive programmes

As of 31 December 2023, Tethys Oil has three active warrant-based incentive programmes which, if exercised, can result in the issuance of up to 653,700 new shares, corresponding to a potential 2.0 percent increase of total shares issued. During the fourth quarter 2023, 338,000 warrants from the 2020 Programme were exercised, resulting in the issue of 402,220 new shares. None of the other programmes were in the money. More information regarding these programs is disclosed in Note 9 of the financial report.

Long-Term Incentive Program (LTIP)

As of 31 December 2023, Tethys Oil has two share based Long-Term Incentive Programmes for all employees excluding the Executive management. LTIP 2022 was launched in October 2022 and LTIP 2023 was launched in April 2023. More information regarding these programmes is disclosed in Note 9 of the financial report.

Numbers of shares	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Shares in issue, end of the period	33,458,828	33,056,608	33,056,608	33,056,608	33,056,608
Shares issued, during the period	402,220	-	-	-	-
Shares repurchased, during the period	-	25,000	58,795	367,755	186,778
Treasury shares, end of the period	1,189,901	1,189,901	1,164,901	1,106,106	738,351
Shares outstanding, end of the period	32,268,927	31,866,707	31,891,707	31,950,502	32,318,257
Weighted average outstanding before dilution, during the period	32,243,389	31,867,861	31,936,260	32,191,324	32,435,616
Weighted average outstanding after dilution, during the period	32,247,353	31,924,740	31,957,531	32,261,122	32,531,314

Group financial review of the full year 2023 (full year 2022)

Revenue and other income amounted to MUSD 138.2 compared to MUSD 156.5 in the comparative period. The decrease follows the lower Oil price.

Operating expenses increased to MUSD 56.4 compared to MUSD 50.1 in the comparative period, mainly due to the increased production costs driven by higher fuel prices and consumption for Blocks 3&4 in addition to the temporary operating expenses of the extended well test on Block 56 of MUSD 1.3 (0.0).

DD&A increased to MUSD 42.0 from MUSD 40.5 as the depletion factor per unit of production increased following the lower reserves at the end of 2022. The Exploration costs were MUSD 6.3 compared to MUSD 4.5 in the comparative period. The exploration costs are related to four wells on Blocks 3&4 in the current period. The impairment charge of MUSD 36.9 is related to the impairment of the Blocks 3&4 Oil and gas properties.

Administrative expenses increased to MUSD 8.3 from MUSD 7.3 in the comparative period.

The Financial net result was MUSD -4.4 (4.7) and was primarily affected by movements of the SEK/USD exchange rate.

The Net result for the current period was MUSD 16.5compared to MUSD 58.3 in the comparative period.

The Group's total assets amounted to MUSD 291.1 for the current period compared to MUSD 316.0 in the comparative period. The decrease is mainly attributed to the Impairment of the Oil and gas properties and exploration costs. Cash and cash equivalents amounted to MUSD 25.8 compared to MUSD 41.5.

The cash flow was MUSD -15.7 compared to MUSD -26.9. The increase mainly reflects the decrease of share redemptions in the current period.

The Parent company's operating loss increased to MSEK 45.7 from MSEK 33.7 in the comparative period due to higher administrative expenses of MSEK 64.4 from MSEK 49.7 in the comparative period. The increase is partially due to an increase in the number of employees, professional services, and the launch of the annual Long-Term Incentive programme. The Financial net result increased to MSEK 638.6 from MSEK 327.9 in the comparative period due to a dividend of MSEK 584.5 (250.5) received from a group company.

At the end of the third quarter Tethys Oil restructured its holding of certain group companies and transferred the holding of intercompany loans from the parent company to a wholly owned subsidiary that became an internal treasury company.

This removed the parent company's long-term receivables from the subsidiaries and recognised an equal amount as the value of shares in subsidiaries.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	Fourth quarter 2023	Fourth quarter 2022	Full year 2023	Full year 2022
Revenue and other income	2, 3	36.4	**43.2**	138.2	**156.5**
Operating expenses		-13.2	-13.0	-56.4	-50.1
Gross profit		23.1	**30.2**	81.7	**106.4**
Depletion, depreciation and amortisation	2	-10.2	-9.8	-42.0	-40.5
Impairment		-36.9	-	-36.9	-
Exploration costs		-6.3	-3.3	-6.4	-4.5
Administrative expenses		-1.6	-2.4	-8.3	-7.3
Share of net result from associates		-0.0	-	0.2	0.1
Operating result		-31.9	**14.8**	-11.6	**54.2**
Financial net result		-6.8	**-1.3**	-4.4	**4.7**
Result before tax		-38.7	**13.6**	-16.0	**58.9**
Income tax		-	-0.6	-0.5	-0.6
Net result		-38.7	**13.0**	-16.5	**58.3**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences		6.8	1.7	5.9	-5.9
Other comprehensive income		6.8	**1.7**	5.9	**-5.9**
Total comprehensive income		-31.9	**14.7**	-10.6	**52.4**
Total comprehensive income attributable to:					
Shareholders in the parent company		-31.9	14.7	-10.6	52.4
Non-controlling interest		-	-	-	-
Result per share					
Earnings per share (before dilution), USD		-1.20	0.40	-0.51	1.79
Earnings per share (after dilution), USD		-1.20	0.40	-0.51	1.78
Weighted average number of shares (before dilution)		32,243,389	32,435,616	32,060,671	32,543,670
Weighted average number of shares (after dilution)		32,247,353	32,531,314	32,099,193	32,664,523

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Oil and gas properties	4	244.8	246.1
Other fixed assets		0.4	0.8
		245.2	**246.9**
Current assets			
Trade and other receivables	5	19.9	26.9
Prepaid expenses		0.2	0.7
Cash and cash equivalents		25.8	41.5
		45.9	**69.1**
TOTAL ASSETS		**291.1**	**316.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		78.0	76.3
Reserves		0.3	-5.6
Retained earnings		179.2	213.7
Total shareholders' equity		**258.2**	**285.2**
Non-current liabilities			
Non-current provisions	7	13.5	10.8
Other non-current liabilities		0.1	0.4
		13.6	**11.2**
Current liabilities			
Accounts payable and other current liabilities	6	19.2	19.6
		19.2	**19.6**
Total liabilities		**32.9**	**30.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**291.1**	**316.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
Opening balance 1 January 2022	**0.8**	**76.3**	**0.3**	**179.2**	**256.6**
Net result 2022	-	-	-	58.3	**58.3**
Other comprehensive income	-	-	-5.9	-	**-5.9**
Total comprehensive income	**0.0**	**0.0**	**-5.9**	**58.3**	**52.4**
Transactions with owners					
Repurchase of shares	-	-	-	-1.6	**-1.6**
Dividend	-	-	-	-6.6	**-6.6**
Share redemption	-	-	-	-16.2	**-16.2**
Incentive programme	-	-	-	0.6	**0.6**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-23.8**	**-23.8**
Closing balance 31 December 2022	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Opening balance 1 January 2023	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Net result 2023	-	-	-	-16.5	**-16.5**
Other comprehensive income	-	-	5.9	-	**5.9**
Total comprehensive income	**0.0**	**0.0**	**5.9**	**-16.5**	**-10.6**
Transactions with owners					
Share issue	0.0	1.7	-	-	**1.7**
Repurchase of shares	-	-	-	-2.3	**-2.3**
Dividend	-	-	-	-6.3	**-6.3**
Share redemption	-	-	-	-9.4	**-9.4**
Incentive programme	-	-	-	0.0	**0.0**
Total transactions with owners	**0.0**	**1.7**	**0.0**	**-18.0**	**-16.4**
Closing balance 31 December 2023	**0.8**	**78.0**	**0.3**	**179.2**	**258.2**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	Fourth quarter 2023	Fourth quarter 2022	Full year 2023	Full year 2022
Cash flow from operations					
Result before tax		-38.7	13.6	-16.0	58.9
Adjustment for:					
Depletion, depreciation		10.5	9.8	42.0	40.5
Impairment		36.9	-	36.9	-
Exploration costs		6.3	3.3	6.4	4.5
Other non-cash related items		5.4	1.4	5.2	-4.4
Interest received		1.1	-	1.1	-
Income tax paid		-	-	-0.8	-
Total cash flow from operations before change in working capital		**21.5**	**28.1**	**74.9**	**99.5**
Change in receivables		2.0	-8.1	7.5	-17.7
Change in liabilities		-1.6	5.2	0.3	5.2
Cash flow from operations		**21.9**	**25.2**	**82.7**	**87.0**
Investment activity					
Investment in oil and gas properties	4	-19.2	-24.6	-81.7	-89.1
Investment in other fixed assets		-0.2	-0.1	-0.5	-0.3
Dividend from associates		-0.0	-	0.2	0.1
Cash flow from investment activity		**-19.4**	**-24.7**	**-82.0**	**-89.3**
Financing activity					
Share issue		1.7	-	1.7	-
Repurchase of shares		0.0	-1.1	-2.4	-1.6
Dividend		-6.1	-	-6.1	-6.6
Share redemption		-	-	-9.0	-16.2
Incentive programme		-	-0.2	-0.7	-0.2
Cash flow from financing activity		**-4.4**	**-1.3**	**-16.5**	**-24.6**
Period cash flow		**-2.0**	**-0.8**	**-15.7**	**-26.9**
Cash and cash equivalents at the beginning of the period		27.7	42.1	41.5	68.6
Exchange gains/losses on cash and cash equivalents		0.1	0.2	0.0	-0.2
Cash and cash equivalents at the end of the period		**25.8**	**41.5**	**25.8**	**41.5**

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	Fourth quarter 2023	Fourth quarter 2022	Full year 2023	Full year 2022
Other income		1.3	3.6	16.5	14.8
Administrative expenses		-18.4	-17.9	-64.4	-49.7
Dividend income from associates		-	-	2.2	1.6
Exploration costs		-	-	-	-0.4
Operating result		**-17.1**	**-14.3**	**-45.7**	**-33.7**
Financial net result		43.0	239.9	638.6	327.9
Result before tax		**25.9**	**225.6**	**592.9**	**294.2**
Income tax		-	-	-	-
Net result[1]		**25.9**	**225.6**	**592.9**	**294.2**

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 Dec 2023	31 Dec 2022
ASSETS			
Total non-current assets		940.3	904.2
Total current assets		25.0	55.9
TOTAL ASSETS		**965.2**	**960.1**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		869.0	442.4
Total current liabilities		19.1	440.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**965.2**	**960.1**

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 agreements 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 31 December 2023 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 2022 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 2022 annual report.

The accounting principles applied in the period are consistent with those applied for the financial year 2022 and the comparable interim reporting period, as they are described in the 2022 annual report.

The interim financial information for the twelve-month period ended 31 December 2023 and 2022 has not been reviewed by the company's auditors.

Exchange rates

The exchange rates presented below have been used for the preparation of the financial statements for the reporting period.

Currency	31 Dec 2023		31 Dec 2022	
	Average	Period end	Average	Period end
SEK/USD	10.61	10.04	10.12	10.44

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 2022 on pages 63-64.

Note 2) Segment reporting

The Group's Operating segments are reported based on a split between Producing assets, Non-producing assets, Other and Eliminations. The operating result for each segment is presented below.

Producing assets include 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. The detailed analysis of Oil and gas properties is presented in note 4.

Group income statement January-December 2023

MUSD	Producing assets	Non-producing assets	Other	Eliminations	Total
Revenue and other income[1]	137.4	0.8	1.6	-1.6	138.2
Operating expenses[1]	-55.2	-1.3	-	-	-56.4
Depreciation, depletion and amortisation	-41.7	-	-0.3	-	-42.0
Impairment	-36.9	-	-	-	-36.9
Exploration costs	-6.3	-	-0.1	-	-6.4
Administrative expenses	-2.7	-1.0	-6.4	1.8	-8.3
Share of net result from associate	-	-	0.2	-	0.2
Operating result	**-5.3**	**-1.5**	**-5.0**	**0.2**	**-11.6**
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Eliminations**	**Total**
Revenue and other income[1]					
Oman	137.4	0.8	-	-	138.2
Other	-	-	1.6	-1.6	0.0
Oil and gas properties as of 31 December 2023	**Producing assets**	**Non-producing assets**	**Other**	**Eliminations**	**Total**
Oil and gas properties	190.0	55.2	0.0	-0.5	244.8

Group income statement January-December 2022

MUSD	Producing assets	Non-producing assets	Other	Eliminations	Total
Revenue and other income	156.5	0.2	1.5	-1.7	156.5
Operating expenses	-50.1	-	-	-	-50.1
Depreciation, depletion and amortisation	-40.3	-	-0.3	-	-40.5
Exploration costs	-2.6	-1.7	-0.2	-	-4.5
Administrative expenses	-3.2	-0.5	-5.1	1.6	-7.3
Share of net result from associate	-	-	0.2	-0.0	0.1
Operating result	**60.3**	**-2.0**	**-4.0**	**-0.1**	**54.2**
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Eliminations**	**Total**
Revenue and other income					
Oman	156.5	0.2	-	-0.2	156.5
Other	-	-	1.5	-1.5	0.0
Oil and gas properties as of 31 December 2022	**Producing assets**	**Non-producing assets**	**Other**	**Eliminations**	**Total**
Oil and gas properties	198.5	47.7	0.1	-0.2	246.1

1. *Revenue and other income and Operating expenses for Non-producing assets in 2023 relate to the extended well test on Block 56.*

Note 3) Revenue and other income

MUSD	Fourth quarter 2023	Fourth quarter 2022	Full year 2023	Full year 2022
Revenue	34.8	39.6	143.8	149.4
Underlift (+) /overlift (-), adjustments	1.6	3.6	-5.6	7.1
Revenue and other income	**36.4**	**43.2**	**138.2**	**156.5**

Note 4) Oil and gas properties

In response to the 2023 exploration and development investments on Blocks 3&4 not yielding the expected production output and reserve additions, Tethys Oil conducted an impairment test of the Group's interest in Blocks 3&4 based on the reserves and resources evaluation effective as of 31 December 2023. As a result of the test, an impairment charge of MUSD 36.9 was recognised in the fourth quarter 2023.

To estimate the value of the Blocks' oil and gas properties, a base case oil price per barrel forecast provided by Blocks 3&4's reserves and resources evaluator ERCE as well as a discount rate of 14.5 percent (after tax) and an average inflation rate of 2.5 percent are applied to production and cost profiles based on proven and probable reserves (2P) and contingent resources (2C).

The ERCE base case price forecast estimates Brent oil prices in real terms of USD 78 to 90 per barrel for the years 2024-2033 respectively, and a long-term price growth of 2 percent per annum thereafter. For further details regarding impairment testing see note 2 and note 7 in Tethys Oil's 2022 Annual Report.

MUSD Licence	Phase	Tethys Oil's share	31 Dec 2023	Investments	DD&A	Impair-ment	Exploration cost	Site restoration and other adjustments	31 Dec 2022
Blocks 3&4	Prod.	30%	190.0	75.2	-41.5	-36.9	-6.3	1.0	198.5
Block 49	Expl.	100%	1.2	0.5	-	-	-	-	0.6
Block 56	Expl.	65%	43.4	3.7	-	-	-	0.8	38.9
Block 58	Expl.	100%	10.2	2.2	-	-	-	-	8.0
New ventures			0.0	0.0	-	-	-0.1	-	0.1
Total			**244.8**	**81.7**	**-41.5**	**-36.9**	**-6.4**	**1.8**	**246.1**

Note 5) Trade and other receivables

MUSD	31 Dec 2023	31 Dec 2022
Trade receivables oil sales	9.8	12.5
Underlift position	0.5	6.1
Non-trade receivables	5.0	4.9
Joint operation receivables	0.1	0.1
Other current receivables	4.4	3.3
Total	**19.9**	**26.9**

Note 6) Accounts payable and other current liabilities

MUSD	31 Dec 2023	31 Dec 2022
Accounts payable	0.2	0.6
Joint operations payable	17.2	16.9
Overlift position	-	-
Tax liabilities	0.3	0.6
Other current liabilities	1.5	1.5
Total	**19.2**	**19.6**

Note 7) Site restoration provision

Tethys Oil estimates that its share of site restoration costs for Blocks 3&4 at year end 2023 amounts to MUSD 12.5 (MUSD 10.6).

The provisions at year end 2023 for Block 49 and 56 are MUSD 0.2 (0.2) and MUSD 0.8 (0.0) respectively. The value of Oil and gas properties for the relevant blocks have increased by the corresponding amount due to the revised value of the site restoration provision. The change in provision follows an annual review of the site restoration calculation which estimates the cost for plugging all the wells and removing surface facilities. The value is inflated using an annual inflation factor of 2.0 percent (2.0) and the long-term provisions are discounted using a risk-free interest rate of 4.2 percent (4.1) and a credit spread of 4.0 percent (4.0).

Note 8) 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, Tethys Oil Invest 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 9) Incentive programmes

Tethys Oil has incentive programmes as part of the remuneration package to employees.

Warrants

Warrants have been issued annually since 2015, following a decision by the respective AGM. Since 2021 warrants are only issued to the Executive Management. In the second quarter 2023 250,000 new warrants were issued. During the quarter, 338,000 warrants from the 2020 Programme were exercised, resulting in the issuance of 402,220 shares.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants 1 Jan 2023	Issued 2023	Exercised 2023	Expired 2023	31 Dec 2023
2020 programme	13 Jun - 6 Oct 2023	45.40	1.19	350,000	-	338,000	12,000	**-**
2021 programme	12 Jun - 4 Oct 2024	66.10	1.15	200,000	-	-	-	**200,000**
2022 programme	18 Aug - 6 Oct 2025	92.80	1.07	160,000	-	-	-	**160,000**
2023 programme	3 Jun - 28 Sep 2026	59.40	1.01	-	250,000	-	-	**250,000**
Total				**710,000**	**250,000**	**338,000**	**12,000**	**610,000**

Long-Term Incentive Programme (LTIP)

During 2022 the Board of Directors of Tethys Oil AB approved the launch of a new Long-Term Incentive Programme. The Programme is established to form a part of the incentive and retention programme directed to the employees of the Group, except for Executive Management. The aim is to align the objectives of the Company´s shareholders and the employees for increasing the value of the Company in the long-term, to retain the employees at the Company and to offer them a competitive incentive programme that gives them an opportunity to receive Shares acquired with the reward. The programme is denominated in SEK.

LTIP 2022-2024 ("LTIP 2022") was launched in October 2022.

The Programme comprises one three-year Vesting Period, covering the financial years of 2022-2024. The payment of each instalment is conditional on continued employment, and continued ownership of the Reward Shares purchased within the programme.

During the financial year 2022, a total amount of MSEK 6,0 was granted to the participants of the program to be earned during the vesting period.

In the second instalment, a total of reward of MSEK 1.7 was exercised during 2023 and a total of MSEK 2.3 remains outstanding for the final instalment.

LTIP 2023-2025 ("LTIP 2023") was launched in April 2023 following the approval of the Board of Directors. The programme is identical to LTIP 2022.

The maximum limit for the programme is MSEK 5.3. During 2023 MSEK 1.6 was granted to participants and MSEK 3.4 remains outstanding for the future instalments.

Note 10) 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 11) Pledged assets

The parent company has no pledged assets as per 31 December 2023 (2022: MUSD 0.0).

Note 12) Contingent liabilities

As part of the October 2020 farmin transaction with Medco for Block 56 there is further potential contingent consideration upon a declaration of commerciality.

Note 13) Subsequent events

Tethys Oil has received a credit commitment for a MUSD 60 amortising term loan facility from one of the leading banks of the United Arab Emirates (UAE). The loan agreement is expected to be finalised by the end of the first quarter.

Tethys Oil's Board of Directors has decided to initiate a strategic review of the Group's portfolio of Oil and Gas interests. The review will explore the possibility of rebalancing the portfolio's mix of assets in different stages of the lifecycle and increasing the visibility of the assets' fair market value.

Local income generated in Tethys Oil's Gibraltar subsidiaries are subject to Gibraltar taxes, filed on an annual basis. During the third quarter an income tax liability for the financial year 2022 was paid in full. An Income tax charge in amount of MUSD 0.5 was accrued in 2023.

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 2022 Annual Report.

EBITDA and Net cash, MUSD	Fourth quarter 2023	Fourth quarter 2022	Full year 2023	Full year 2022
Operating result	-31.9	14.8	-11.6	54.2
Add: Depreciation. depletion and amortisation	10.2	9.8	42.0	40.5
Add: Impairment	36.9	-	36.9	
Add: Exploration costs	6.3	3.3	6.4	4.5
Less: Share of net result from associates	0.0	-0.0	-0.2	-0.1
EBITDA	**21.5**	**27.8**	**73.5**	**99.1**
Cash and cash equivalents	25.8	41.5	25.8	41.5
Less: Interest bearing debt	-0.1	-0.5	-0.1	-0.5
Net cash	**25.7**	**41.0**	**25.7**	**41.0**

Key data per quarter

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net daily production before government take, Blocks 3&4, bbl	8,397	8,486	8,994	9,411	9,441
Net entitlement barrels, bbl	401,708	405,952	425,585	440,441	467,564
Net entitlement share of production, percent	52%	52%	52%	52%	54%
Oil sales, bbl	383,004	417,275	463,196	471,550	424,444
Achieved Oil Price, USD/bbl	90.4	76.9	81.6	81.7	93.3
Average OSP, USD/bbl	89.7	76.7	81.3	81.6	92.9
Operating expenses, USD/bbl	17.1	16.8	17.4	17.2	15.0
Revenue and other income, MUSD	36.4	31.8	34.7	35.3	43.2
EBITDA, MUSD	21.5	16.4	16.9	18.7	27.8
Operating result, MUSD	-31.9	6.5	6.1	7.7	14.8
Earnings per share after dilution, USD	-1.20	0.19	0.25	0.25	0.40
Cash flow from operations, MUSD	21.9	14.8	25.7	20.4	25.2
Investment in oil and gas properties, MUSD	19.2	21.1	21.4	20.0	24.6
Free cash flow, MUSD	2.5	-6.1	4.0	0.4	0.4
Cash and cash equivalents, MUSD	25.8	27.7	33.9	39.9	41.5
Return on shareholders' equity, rolling 12 months	-6%	13%	18%	20%	22%
Return on capital employed, rolling 12 months	-4%	12%	16%	18%	19%
Share price end of period, SEK	43.5	54.9	48.8	54.7	60.5

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

EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EBITDA-margin	EBITDA as a percentage of revenue and other income.
Equity ratio	Shareholders' equity as a percentage of total assets.
Return on shareholder's equity, rolling 12 months	Return on shareholder's equity is calculated by dividing the net result for the past 12 months by the average of the ingoing and outgoing shareholder's equity for the same period.
Return on capital employed, rolling 12 months	Return on capital employed is calculated dividing the operating result for the past 12 months by the average capital employed (equity plus non-current liabilities) for the same period.
Net entitlement	Volumes and share of oil production from Joint operation, which the company is entitled to sell expressed in barrels. Calculated monthly based on EPSA. Consist of 2 components: Cost oil and Profit Oil.
Net entitlement share	The oil production from Joint operation, which the company is entitled to sell expressed as a percentage of the company's total share of the oil produced. Calculated as Cost oil plus Profit Oil divided by Production.
Cost 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 for a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP").
Profit Oil	Profit Oil remains after the deduction of Cost Oil. The majority of the Profit Oil is the government's take according to a fixed percentage.
Cost pool	Any outstanding balance of unrecovered historical cost from previous periods.
Production before government take	Net share of total production.
Underlift/ Overlift	Calculation of net from Net Entitlement barrels and lifted barrels. Lifting more barrels results in an overlift and the opposite is an underlift.
Netback	Gross profit per barrel of oil. Average OSP reduced by royalties/government take and operating and transport expenses per barrel.
Achieved Oil Price	Achieved Oil Price is calculated with revenue from oil sales within the period divided by sold barrels of oil.
Average OSP	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).
Oman OSP	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.
Net cash	Cash and equivalents less interest-bearing debt.
Number of employees	Average number of fulltime employees during the period.
Shareholders' equity per share	Shareholders' equity divided by the number of outstanding shares.
Weighted average number of shares (after dilution)	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.
Treasury shares	Own shares held by Tethys Oil following share repurchases.
Earnings per share	Net result for the period divided by the weighted number of shares.
SEK	Swedish krona.
MSEK	Millions of Swedish kronor.
USD	US dollar.
MUSD	Millions of US dollars.
Bbl	One barrel of oil = 159 litres, 0.159 cubic meters.
Bopd	Oil production is often given in numbers of Barrels of Oil per Day.
Mbo	Thousand Barrels.
Mmbo	Million Barrels.
EPSA	Exploration and Production Sharing Agreement.
Prospective resources (2U)	Like reserves and contingent resources, prospective resources volume estimates are defined probabilistically. 1U is the low estimate, 2U is the best estimate and 3U the high.

FINANCIAL CALENDAR:

- The Annual Report 2023 is expected to be published on the week starting on 25 March 2024
- Report for the first quarter 2024 (January – March 2024) on 7 May 2024
- The Annual General Meeting 2024 is to be held in Stockholm 15 May 2024
- Report for the second quarter 2024 (January – June 2024) on 6 August 2024
- Report for the third quarter 2024 (January – September) on 5 November 2024

CONFERENCE CALL

Date: 6 February 2024
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/eja3i992**

To participate via phone, please register here to receive dial-in information.

Stockholm, 6 February 2024

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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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