Tethys Oil Annual Report 2022

Contents

The Sustainability Report is published as a separate document, available on www.tethysoil.com.

Financial calendar

Report for first quarter 2023
(January – March 2023) on 9 May 2023
Report for second quarter 2023
(January – June 2023) on 8 August 2023
Report for third quarter 2023
(January – September 2023) on 7 November 2023

Annual General Meeting

The Annual General Meeting will be held on 10 May 2023, 15:00, at Grand Hôtel, Södra Blasieholmshamnen 8, in Stockholm. To attend the AGM, please visit Tethys Oil's website, www.tethysoil.com, for more information.

Tethys Oil

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 active since 2006 and currently holds interests in the Exploration and Production Sharing Agreements (EPSA) for Blocks 3&4, Block 49, Block 56 and Block 58. The Blocks cover 54,934 km², corresponding to 18 percent of Oman's total area and making Tethys Oil one of the largest acreage holders in Oman. Tethys Oil has 2P reserves of 23.9 mmbo and 2C Contingent Resources of 14.6 mmbo and had an average oil production of 9,940 barrels of oil per day from Blocks 3&4 during 2022. The Company's shares are listed on Nasdaq Stockholm (TETY) and are held by more than 10,000 shareholders.

Front cover
The Al Jumd-2 well and oil tanks on the production site for the extended well test of the Al Jumd discovery.

Photo: Alex Berger

Licences & agreements	Area, km²	Tethys Oil interest	Phase	Expiry date	Partners (operator in bold)
Blocks 3&4, Oman	29,130	30%	Production phase	July 2040	**CCED**, Tethys Oil, Mitsui
Block 49, Oman	15,439	100%[1]	Initial exploration phase	December 2023	**Tethys Oil**
Block 56, Oman	5,808	65%	Second exploration phase	December 2023	**Tethys Oil**, Medco, Biyaq, Intaj
Block 58, Oman	4,557	100%	Initial exploration phase	July 2024	**Tethys Oil**

1 Contingent government approval.

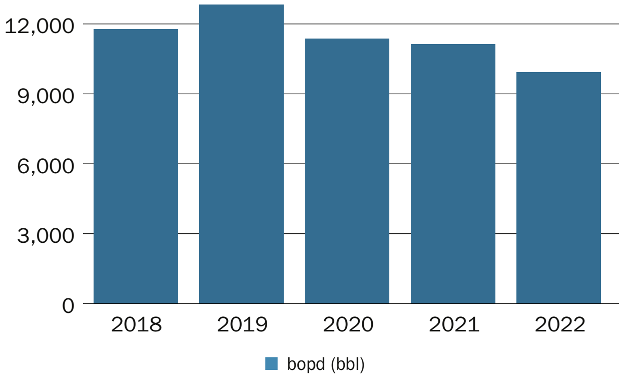
Operational and financial summary

MUSD (unless specifically stated)	2022	2021	2020	2019	2018
Average daily production Blocks 3&4, before government take, bbl	9,940	11,136	11,336	12,832	11,767
Achieved oil price per barrel, USD	94.2	62.8	47.7	64.2	70.5
Revenue and other income	156.5	112.7	101.1	150.8	157.3
EBITDA	99.1	61.4	50.4	92.2	105.7
Cash and cash equivalents	41.5	68.6	55.4	75.6	73.1
Investments in oil and gas properties	89.1	35.2	45.4	65.2	55.8
Free cash flow	-2.3	29.7	6.7	31.4	50.4
Dividend, SEK per share – proposed	2.00	2.00	2.00	2.00	2.00
Extraordinary distribution to shareholders, SEK per share (2022 proposed)	3.00	5.00	2.00	3.00	6.00
Market capitalisation at the end of the year, MSEK	1,955	2,059	1,626	3,063	2,325
2P Reserves in Oman (million barrels of oil)	23.9	26.2	26.9	26.1	25.4
2C Contingent Resources in Oman (million barrels of oil)	14.6	15.6	13.9	13.5	12.5

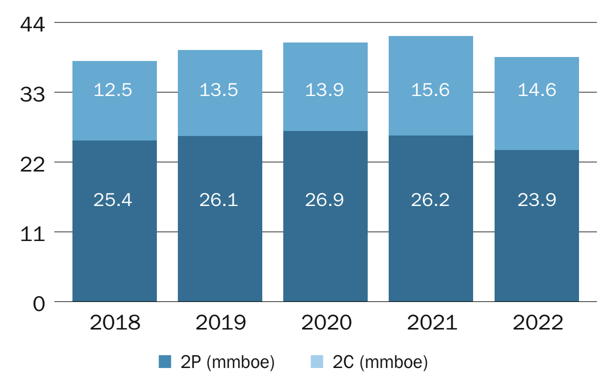
2022 in brief

- Tethys Oil's financial result for the year 2022 was the strongest in five years as high oil prices bolstered revenues and profits. The strong operational cash flows funded the highest investments in oil & gas properties in the Company's history and the continued significant returns to shareholders in the forms of dividend, distribution and share buybacks.
- Production, stemming from Tethys Oil's interest in Blocks 3&4, declined in the year due to constraints in processing facilities, including water handling systems, and the underperformance of the Anan field. To stabilise the decreasing production going forward, a full remedial action programme has been launched, including the addition of a fourth drilling rig to increase the number of wells drilled.
- The year-end reserve replacement ratio reached 37 percent of production. The reserve development in 2022 was primarily a result of low levels of exploration and appraisal drilling on Blocks 3&4 where only two exploration wells were drilled, neither of which were successful. In 2023 more exploration and appraisal drilling is expected, bolstered by the fourth drilling rig.
- Three appraisal wells were drilled on the Al Jumd discovery on Block 56 with positive results. To further analyse the potential of the discovery, an extended well test of up to six months with the primary purpose to establish the resource volume and production capability is expected to start by the end of March 2023. A further two wells were drilled in the vicinity of the Al Jumd discovery to define the potential of the area.
- In the central area of Block 56 a 2,000 km² 3D seismic survey was completed in order to prepare for the drilling of an exploration well in the area during 2023.
- On Block 49 the focus in 2022 was on preparations for the re-entry and re-testing of the Thameen-1 well, planned to start in the second quarter 2023. The coming test will include hydraulic fracture operations and, if successful, this would turn the inconclusive Thameen-1 well into a discovery.

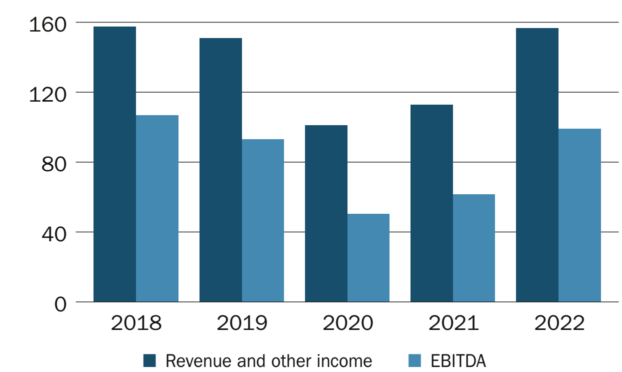
Production per day, barrels



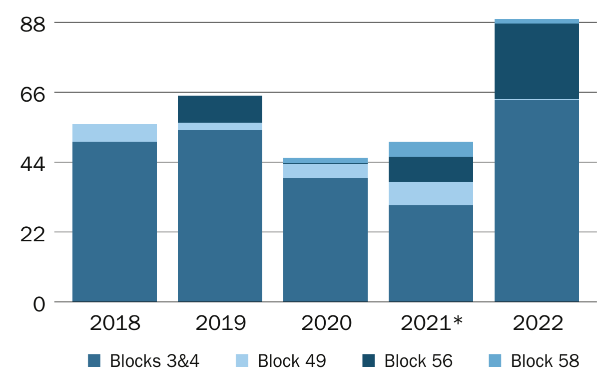
Total Net Reserves and Resource, million of barrels



Financials, MUSD

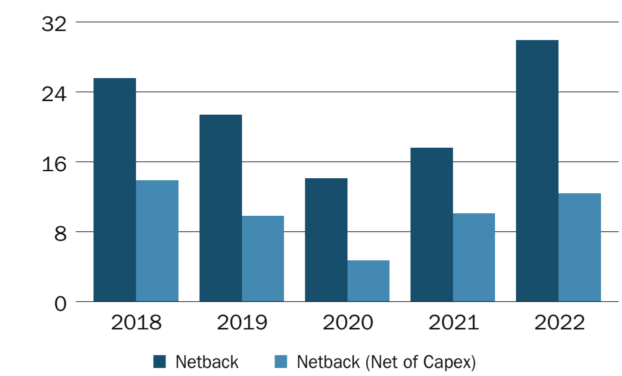


Investments oil & gas per block, MUSD

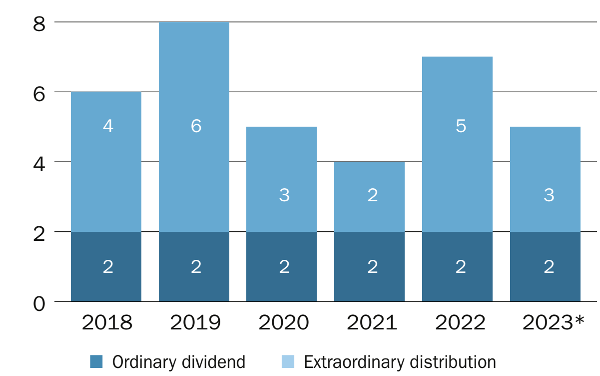


* 2021 investments for Block 49 are presented adjusted for effects of the farmout to EOG

Netback & Netback (Net of Capex), MUSD



Dividend and distribution per share, SEK



* Proposed dividend and distribution

Mission, Vision and Values

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 the 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 the Company's 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 the Group'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.

Tethys Oil's commitments

Environment

Tethys Oil uses natural resources responsibly

To conduct operational activities in ways that create minimal disturbance to the environment and people

Social and safety

Tethys Oil invests in local communities

To contribute positively to quality of life in communities where it operates by reducing impacts and creating benefits

Governance

Tethys Oil lives by high ethical standards

To have management procedures in place that promote honesty, integrity, transparency and accountability

Letter to shareholders

Dear friends and investors,
2022 was a rather eventful year. On the global stage energy supply and security came to the forefront of agendas as the global order's acceptance of national sovereignty was challenged. A challenge that is still unsettled at the time of writing.

Global supply chains were disrupted and sometimes rearranged and in the aftermath of the Covid pandemic the supply and demand balance for the world economy was, at least temporarily, unbalanced.

Oil prices responded to these challenges and uncertainties by entering a period of increasing price levels and increasing volatility. The underlying demand and supply uncertainties currently driving the oil price remain as we have entered 2023, so we would expect volatility to remain high but firmly believe that price risk is on the upside. Capacity constraints, energy security considerations, OPEC policy, capital discipline among US oil producers coupled with pent up demand after the 'shut in' years is a powerful mix underpinning the price of oil in the short to medium term.

The higher oil price levels are reflected in Tethys Oil's financial results for 2022 where EBITDA, operating cash flow and profitability from our 30 percent share in Blocks 3&4 increased sharply compared to 2021. Cash distribution to our shareholders was the second highest since we started paying out cash in 2014 at SEK 7 per share, exceeding a total amount of MUSD 20.

We also witnessed record investments in potential future growth with more than MUSD 25 invested in seismic surveys and appraisal drilling in our operated Blocks 56 and 58 onshore Oman. If these investments are successful, we will, over the next couple of years, be able to add further production streams to the almost 10,000 BOPD we received from Blocks 3&4 in 2022.

While we wait for the exploration results it is worth noting that our Board of Directors has proposed a cash distribution of SEK 5 per share (MUSD 17 in total) to be voted on by our shareholder at the AGM on 10 May.

The achievements of 2022 would not have been possible without the support of all of Tethys Oil's dedicated co-workers as well as a host of other stakeholder in many different ways. CSR activities have primarily been centered around Blocks 3&4 where the operator CCED has an active program of cooperation with local stakeholders. In our operated Blocks 49, 56 and 58 we are very grateful for all assistance and positive engagement from among others The Ministry of Energy and Minerals, the Governates of Dhofar and Al Wustan and the Wilyats of Moqshin, Thumraite, Shaleem and Jazir Al Halaniyat. We are hopeful that with exploration success that cooperation will deepen, and Tethys Oil will be able to engage further in local projects. For details on CSR and other sustainability related information such as biodiversity and emissions, I refer our readers to Tethys Oil's comprehensive Sustainability Report for 2022.

As we have left 2022 behind, we are excited that during 2023 we may be able to see the fruits of our exploration investments.

So stay with us. For in 2023 Tethys is offering the most exciting and potentially rewarding exploration program for the last ten years, coupled with continued cash distribution to our loyal shareholders!

Stockholm, April 2023

Magnus Nordin
Managing Director

Business model and value chain

Upstream
Tethys Oil

Exploration, seismic studies, drilling, development, production and sales.

Midstream

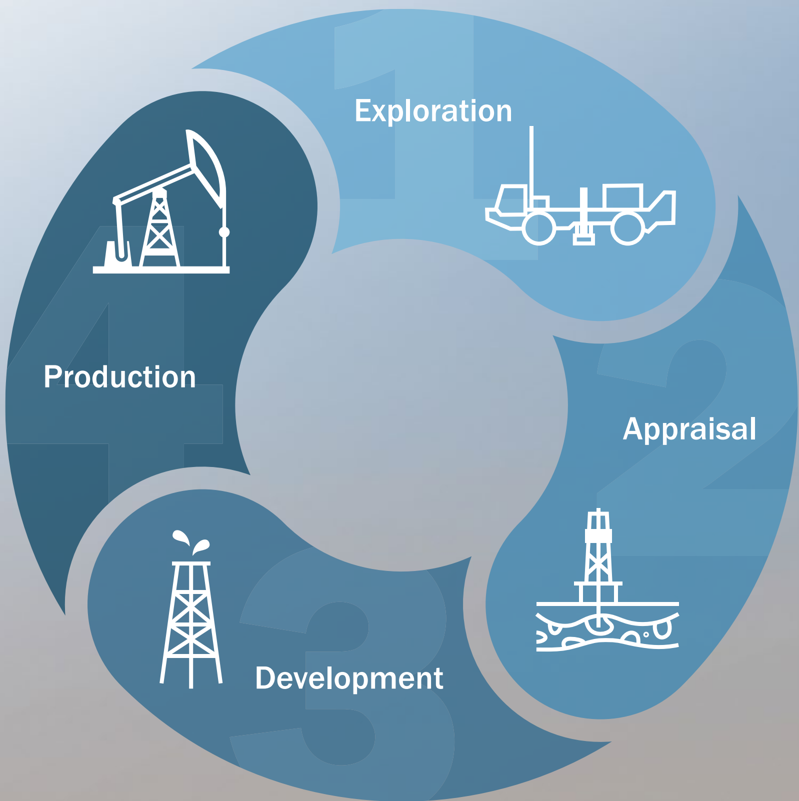
Storage, transportation and distribution.
Tethys Oil uses existing infrastructure in Oman.

Downstream

Refining of crude oil and processing and purifying of gas.

Tethys Oil is active throughout the upstream oil & gas industry value chain, from exploration to production and sales, with the Sultanate of Oman as the core area of operations. Value is created by focusing on the high potential, yet underexplored areas on the flanks of Oman's central salt basins. Tethys Oil aims to explore, appraise and develop the blocks to bring them to commercial production.

The main success story so far is Blocks 3&4 with some 40 mmbo produced for Tethys Oil and with continued significant exploration potential remaining. Tethys Oil's operated exploration and appraisal portfolio contains three promising blocks with high potential. In 2023, Tethys Oil's exploration drilling will target a potential of more than 200 mmbo of unrisked prospective resources and the Company will conduct an extended well test on the Al Jumd discovery on Block 56, taking the discovery one step closer to commercial production.



Tethys Oil's core area Oman

On the tip of the Arabian Peninsula

The Sultanate of Oman, located in the south-eastern part of the Arabian Peninsula, overlooks the Arabian Sea, the Sea of Oman and the Arabian Gulf. It also overlooks the strategic Strait of Hormuz at the point of entry to the Arabian Gulf from where it has been part of the world's oldest trade routes. Oman's neighbours include the United Arab Emirates, Saudi Arabia and Yemen.

Oman is a beautiful country, combining white sand beaches, rolling desert dunes and expansive mountain ranges. Oman is also the oldest independent state in the Arab world with a long and rich history over thousands of years. Modern archaeological discoveries suggest that humans settled in Oman during the Stone Age, i.e. more than 10,000 years ago.

Oman as an oil nation

Most importantly for Tethys Oil, Oman is also a major oil nation, the largest in the Middle East that is not a member of OPEC. Oman has some 5.2 billion barrels of proved oil reserves[1] and ranks as the seventh largest proved oil reserve holder in the Middle East and the 21st largest in the world.[2] Oman's crude oil and condensate production amounted to 971,000 barrels per day in 2021.[3]

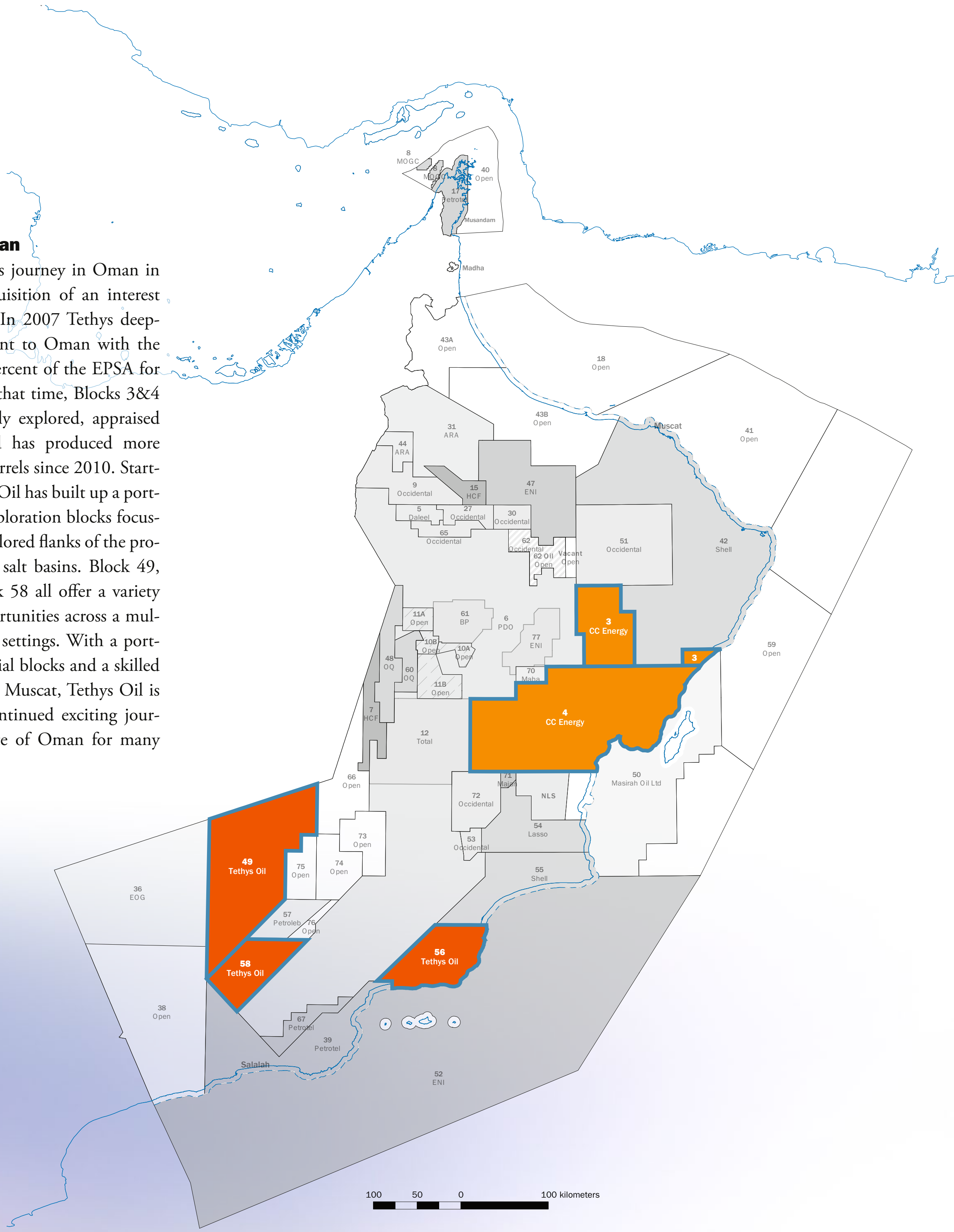
The largest producer in Oman is Petroleum Development Oman ("PDO"), which holds Block 6. Block 6 covers an area of 75,119 km² in north, central and south Oman. PDO produces in excess of 600,000 barrels of oil per day, corresponding to over 60 percent of the total production in Oman. PDO is owned by the Omani government (60 percent), Shell (34 percent), Total (4 percent), and PTTEP (2 percent). Other majors active in Oman include Occidental Petroleum, Shell, BP, ENI and Total.

The total exports of oil and condensates during 2022 amounted to 289 million barrels. The People's Republic of China topped the list of the countries importing crude oil from Oman with 81.6 percent, followed by India with 9.8 percent. South Korea and Japan both increased their imports from Oman in 2022 and combined they account for 7.6 percent of the export.

1 Ministry of Minerals and Energy, 2022
2 BP Statistical Review of World Energy, 2021
3 BP Statistical Review of World Energy, 2022

Tethys Oil in Oman

Tethys Oil began its journey in Oman in 2006 with the acquisition of an interest share in Block 15. In 2007 Tethys deepened its commitment to Oman with the acquisition of 50 percent of the EPSA for Blocks 3&4. Since that time, Blocks 3&4 has been successfully explored, appraised and developed and has produced more than 130 million barrels since 2010. Starting in 2017, Tethys Oil has built up a portfolio of operated exploration blocks focusing on the underexplored flanks of the prolific central Omani salt basins. Block 49, Block 56 and Block 58 all offer a variety of exploration opportunities across a multitude of geological settings. With a portfolio of high potential blocks and a skilled exploration team in Muscat, Tethys Oil is positioned for a continued exciting journey in the Sultanate of Oman for many years to come.



Source: Sultanate of Oman Ministry of Energy and Minerals

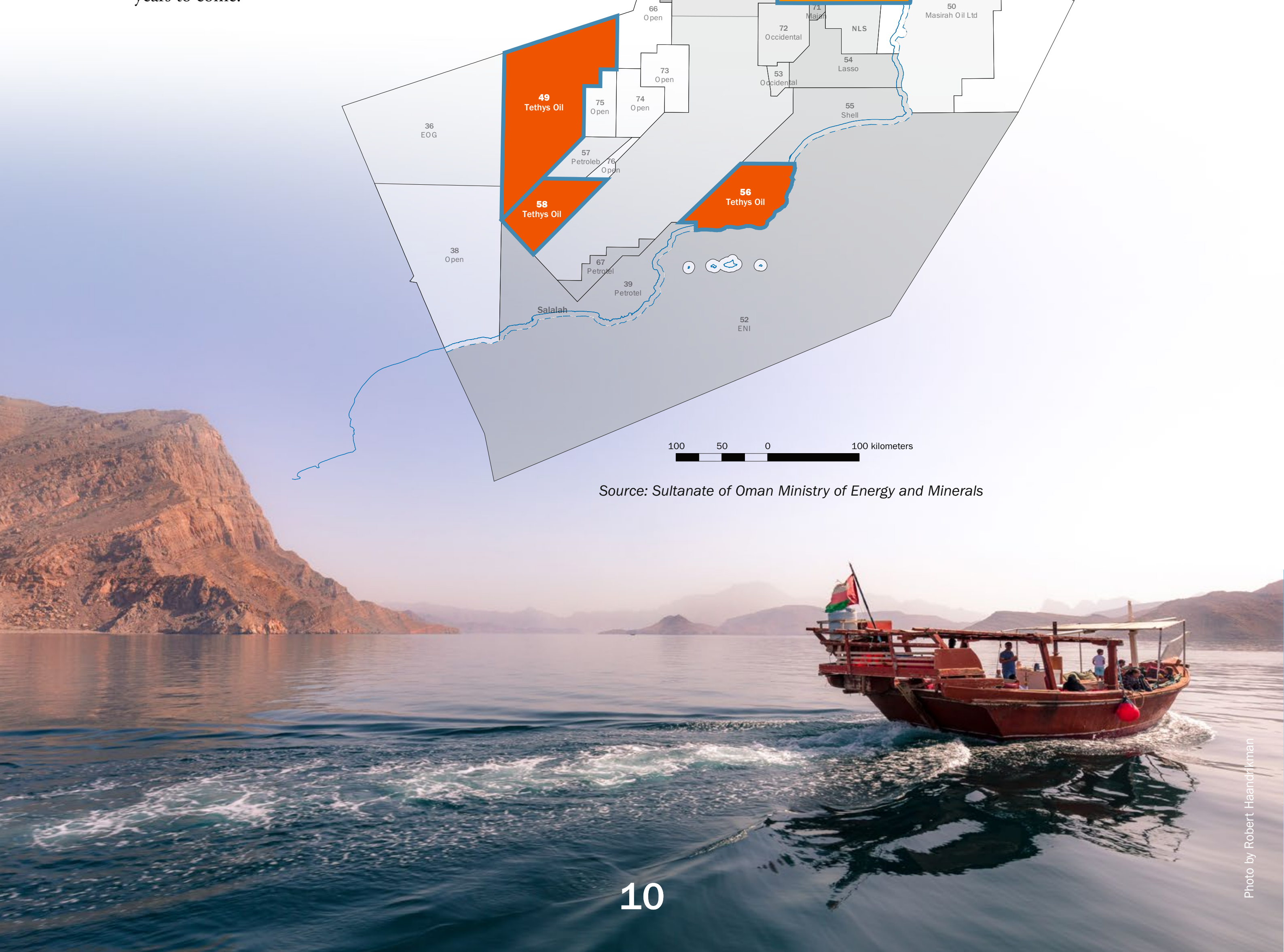


Photo by Robert Haandrikman

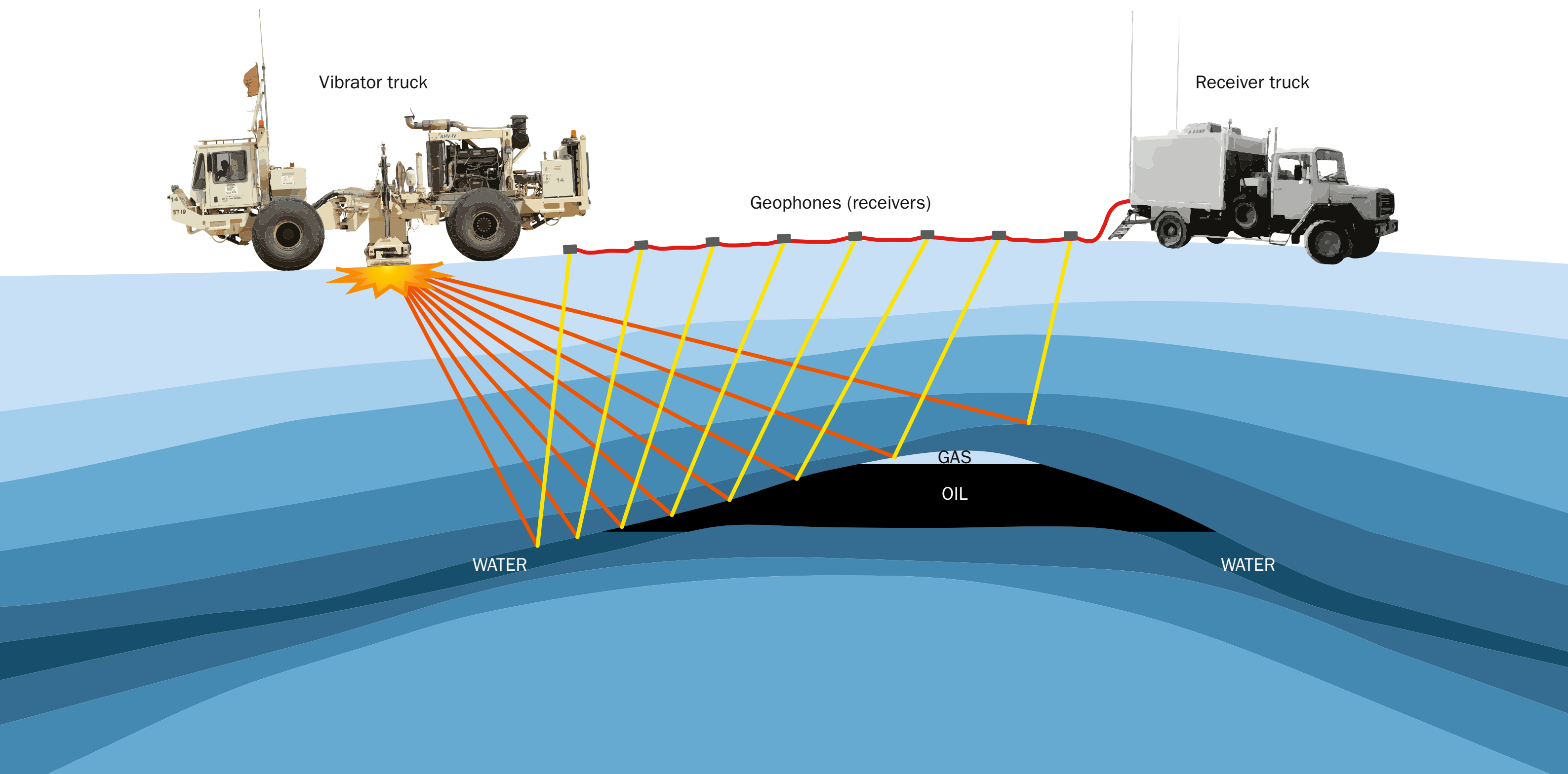
Operations

Exploration and appraisal

Tethys Oil is engaged in exploration and/or appraisal activities on all blocks in which the Company has an interest share. These activities are the key components in building reserves and resources for future production and is hence ongoing throughout all phases of an EPSA. The activities come in many forms, but the primary elements include seismic data acquisition and studies of that data with the goal of finding the most promising sites for drilling.

In recent years Tethys Oil has increased its exploration portfolio in blocks surrounding PDO's Block 6 where most of Oman's oil production takes place. Tethys Oil focuses on blocks that have promising legacy seismic data from previous operators, which the Company can then refine or add to with additional seismic acquisition and studies.

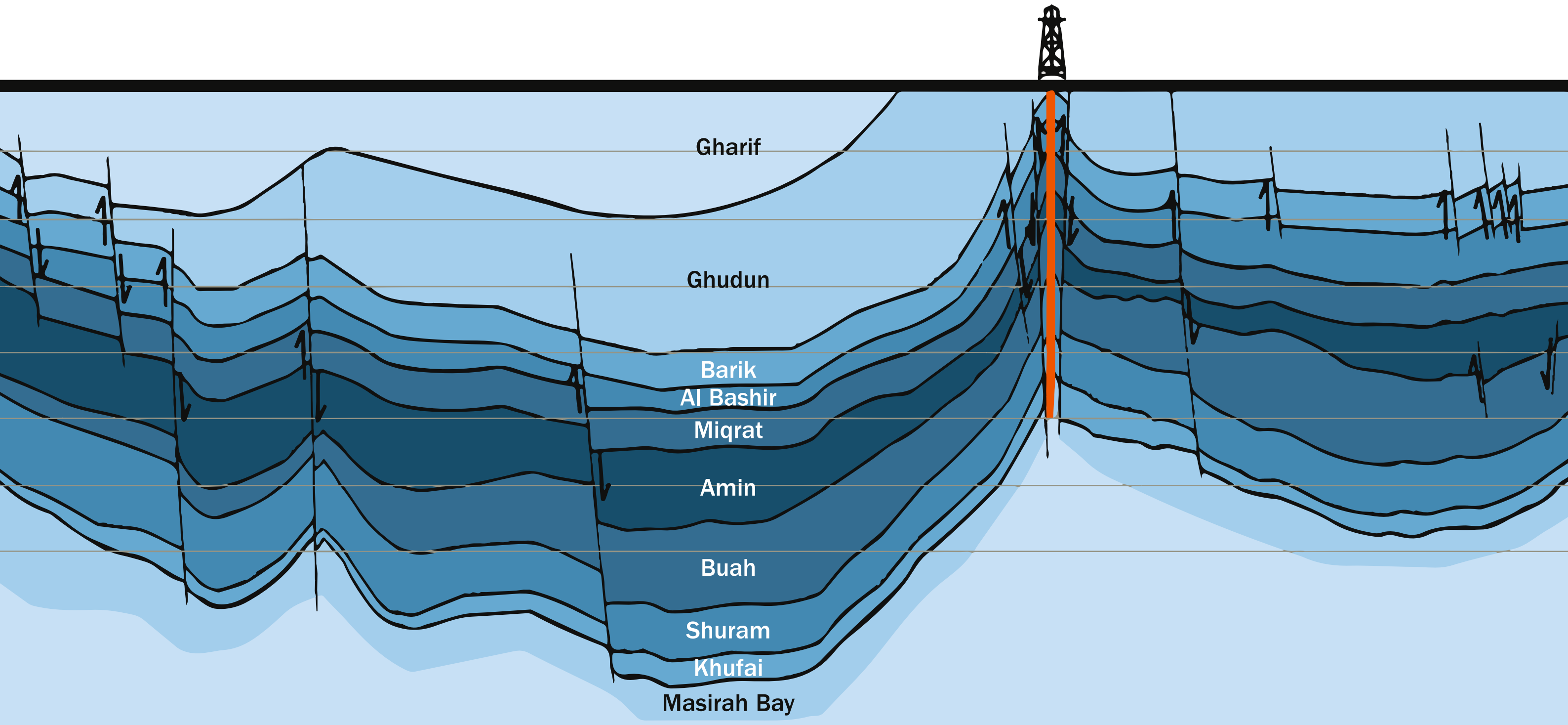
In 2022, Tethys Oil made significant progress on its operated exploration phased blocks with five wells drilled on Block 56's Al Jumd area and promising interpretation of seismic data on both Block 56 and Block 58. In 2023 the results of these efforts should be made apparent as; an extended well test will start in Al Jumd, exploration wells targeting more than 200 mmbo of unrisked prospective resources will be drilled on Block 58 and Block 56, and the Thameen-1 well on Block 49 will be re-entered and re-tested.



Seismic studies

A key exploration activity is the use of geophysical seismic. The principle behind seismic is that sound waves travel at different speeds in different materials and that the sound waves, at the transition between different materials, partly bend and reflect back to the surface. As rocks have different compositions, it is possible, based on variations in the speed of the sound wave and angle, to estimate the location of structures that could hold oil and/or natural gas reserves in an exploration area.

Single linear lines of seismic provide information about the subsurface rocks directly beneath the seismic equipment. This type of seismic data is referred to as two-dimensional or 2D seismic, because it provides data along two axes, length and depth. If seismic acquisition is done across multiple lines simultaneously, the third dimension of width is gained, hence referred to as three-dimensional seismic, or 3D seismic. 3D seismic offers much greater density of information about the subsurface but is much more costly and covers a smaller area. As the oil at Blocks 3&4 is trapped in smaller fault blocks or structures, 3D seismic has been essential in the mapping of possible oil-bearing structures.



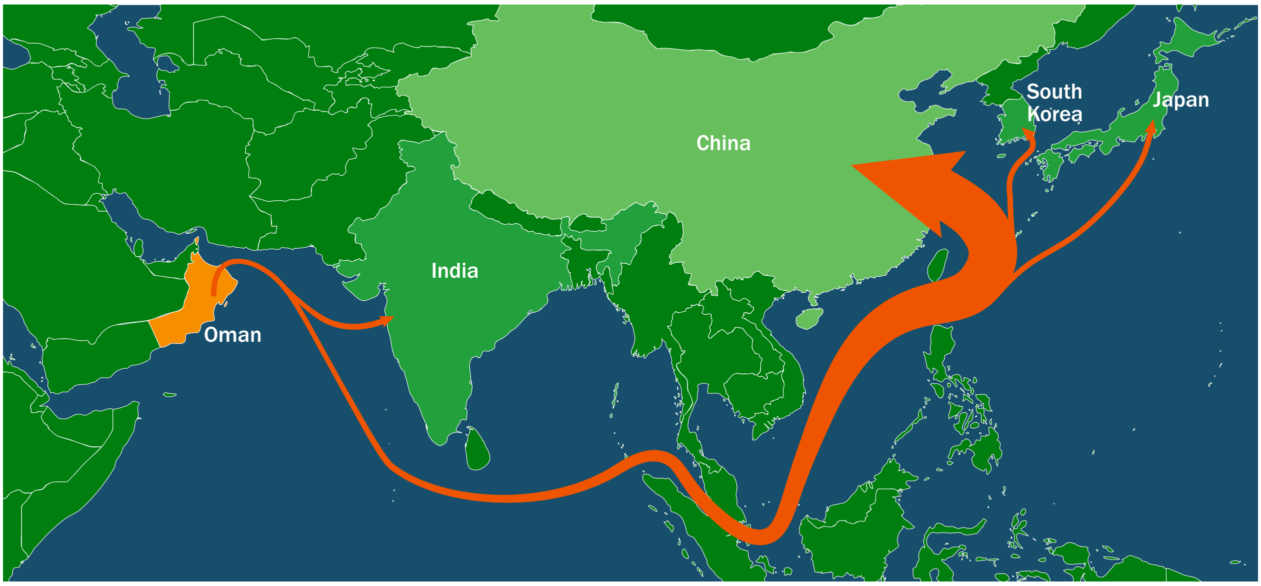
Formations

Geological formations are natural formations and structures in the rock and ground which have occurred as a result of usually very slow geological processes of different kinds and ages.

A formation is a rock unit that is distinctive enough in appearance that a geologic mapper can tell it apart from the surrounding rock layers. The thickness of formations may range from less than a metre to several thousand metres. The term "formation" is often used informally to refer to a specific grouping of rocks, such as those encountered within a certain depth range in an oil well.

On Blocks 3&4, reservoirs in formations like Khufai, Barik, Lower Al Bashir, Buah and Masirah Bay have been explored. Tethys Oil has reserves and production in reservoirs in the Khufai, Barik, Lower Al Bashir and Buah formations.

Production, transportation and sales



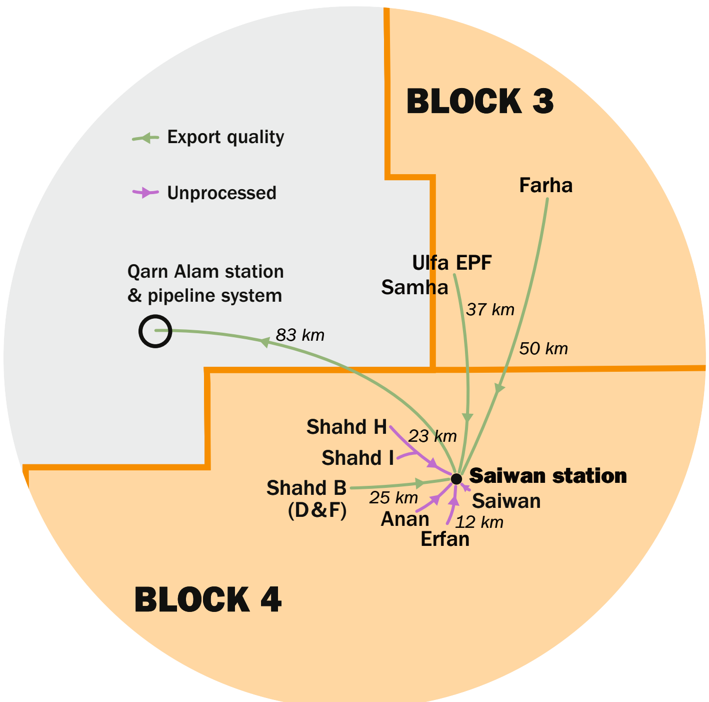
Oil exploration and production in Oman is governed by Exploration and Production Sharing Agreements (EPSA), a company may hold such an agreement alone or together with partners. The EPSA for Blocks 3&4 is currently Tethys Oil's only EPSA with commercial production. Tethys Oil has a 30 percent interest share in the EPSA, the partner group also includes Mitsui E&P Middle East B.V. with 20 percent and the operator CC Energy Development S.A.L. (Oman branch) holding 50 percent.

Tethys Oil's production of 9,940 bopd from Blocks 3&4 corresponds to its 30 percent interest share in the EPSA. The partner group on Blocks 3&4 produced around 31,133 bopd in 2022, corresponding to about three and a half percent of Oman's total production.

All oil produced at the fields is transported through a pipeline to the Qarn Alam metering station, to the west of the Blocks. At the metering station, the oil volumes are recorded, and the quality is measured. From Qarn Alam, the oil is transported through the national pipeline system to the Mina Al Fahal terminal in Muscat, on the Sea of Oman, and it therefore never needs to pass through the Strait of Hormuz. At this terminal, the oil is lifted and loaded into oil tankers.

The EPSA allows the joint operations partners to recover their costs from a predetermined percentage of the value of total oil production, referred to as cost oil. After deducting any allowance for cost oil, the remaining oil production is split, also according to a predetermined percentage individual per agreement, between the government and the partners. Tethys Oil's net entitlement after government take in 2022 was 1,664,363 barrels of oil. Cost can only be recovered once oil has been found and produced on a licence. This means that if no commercial oil discovery is made on an exploration phased block, the exploring oil company bears all the risk.

Tethys Oil sells all of its net entitled oil from Blocks 3&4 on a monthly basis to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. Tethys Oil's selling price is based on the monthly average price of the front-month future contract of Oman export blend (with 2 months to delivery) as traded on the Dubai Mercantile Exchange, including trading and quality adjustments



Office and staff

During 2022, Tethys Oil had an average of 29 full-time employees of several different nationalities, in a broad age range, of which 38 percent were female and 62 percent male. A majority of the staff have graduated from universities and colleges, primarily with geosciences, engineering or business administration.

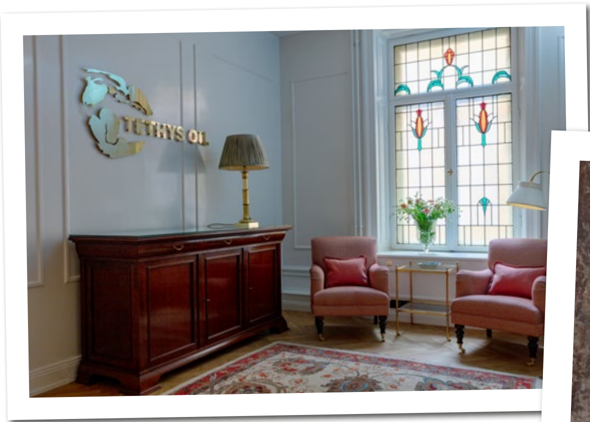
Muscat Office

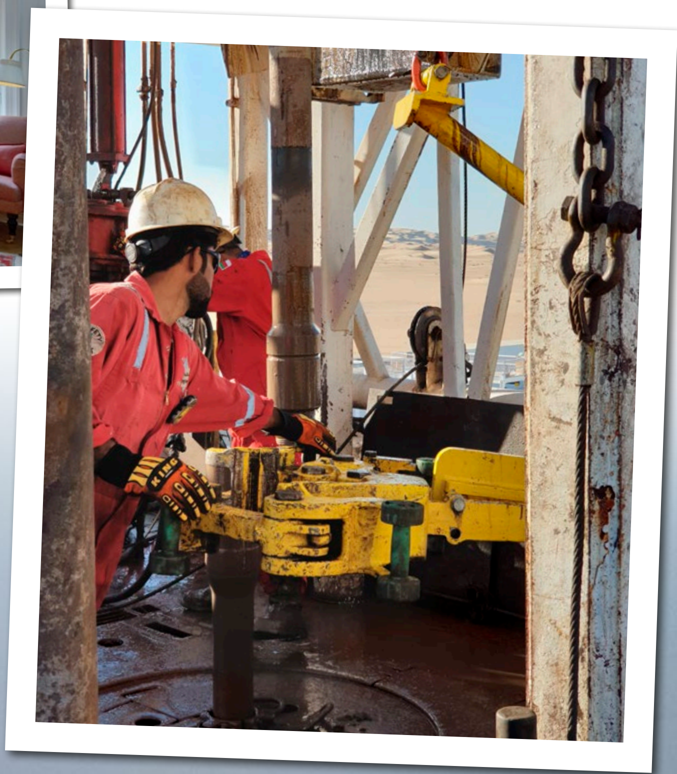
The Muscat office is the base for Tethys Oil's Chief Technical Officer (CTO) and consists of a team of engineers and subsurface specialists together with finance and administration staff. Tethys Oil had an average of 20 employees based in Muscat in 2022, of which 35 percent were female and 65 percent male.

Stockholm Office

Tethys Oil's head office is located in Stockholm, Sweden. The Stockholm office is the base for the Managing Director, the Chief Financial Officer (CFO) and the Head of Legal, along with Tethys Oil's finance, legal, business development and communications staff. In 2022, Tethys Oil had an average of 8 employees based in Stockholm, of which 40 percent were female and 60 percent male.

More information on Tethys Oil's employees can be found in the Sustainability Report 2022.





Blocks 3&4
– the source of Tethys Oil's production

Since 2007 Tethys Oil's interest in Blocks 3&4 has been at the core of its presence in Oman. Following more than ten years of continuous production and reserves growth the pandemic and its mitigating actions broke the trend. The aim of the 2022 investment programme was a return to growth by focus on investments in production, asset integrity and maintenance. While the catch-up investments have yet to bear fruit, Blocks 3&4 continues to be profitable and yield significant cash flows.

Covering 29,130 km² in the eastern parts of Oman, Blocks 3&4 has been the backbone of Tethys Oil's presence in the Sultanate since the drilling of the Farha South-3 well in early 2009. At the time of writing 40 million barrels of oil have been produced and up to 38.5 million barrels of Reserves (2P) and Contingent Resources (2C) remain, net to Tethys Oil. With large areas unexplored and a EPSA expiry in 2040, plenty of time and potential remain. In 2023 the work programme is one of the most ambitious since inception with exploration and appraisal in the forefront.

The fields

The Farha South field is located in the northern part of the licence area, and it remains a staple of production. Rather than in one large continuous reservoir, the oil is trapped in a series of smaller, usually adjacent, fault blocks of which about 30 have been drilled and put into production. To maintain pressure and stimulate production following a combination of a low content of gas and the absence of a water drive, most production wells are developed with water injected into the reservoir via injection wells. The majority of the oil is high-quality oil, more than 40 degrees API, produced in the Barik sandstone layer at an average depth of 1,600 metres, with some oil also produced from the underlying Lower Al Bashir layer.

Shortly after the Farha South oil field was discovered, the second commercial discovery was drilled in the Saiwan East oil field in the central part of the Blocks. This reservoir was previously unknown as an oil producer in Oman and is producing oil from the Khufai carbonate at depths ranging from 1,700 to 2,400 metres of a quality of approximately 32 degrees API.

In 2013, the Shahd field was discovered in a previously unexplored area west of the Saiwan East field. As with the Farha South field, the area here is highly faulted and the oil is trapped in separate structures, of which eight have been put into production. The oil holds a quality of 35–38 degrees API and is extracted from the Lower Buah and the Khufai carbonates at a depth of 2,000–2,400 metres with the aid of water injections to reach good recovery rates.

Following a few years focusing on development activities aiming at increasing production of the producing fields, a number of exploration wells were drilled in 2017. The exploration campaign resulted in the discovery of the Ulfa, Samha and Erfan oil fields.

The Erfan oil field is a single structure producing from the Khufai carbonate formation, the same producing formation as in neighbouring Saiwan East field, at depths ranging from 1,700 to 2,400 metres. The Ulfa oil field is also a single structure. It is located on trend with the Farha South field. The majority of the production in the field comes from the Khufai carbonate formation, but also the Buah is in production. The Samha oil field is located adjacent to the Ulfa field and produces from the same formations. The oil from both Ulfa and Samha is of high quality, about 45 degrees API, and contains a high proportion of associated gas.

In 2020, the Anan field was discovered some 9 km west of the Erfan field. The first exploration well, Anan-1, was drilled during the fourth quarter of 2020 and was in 2021 followed by the Anan-2 appraisal well. Anan-2 was successfully tested with good flows from the Khufai layer and has subsequently been connected to the production system.

2022 and 2023

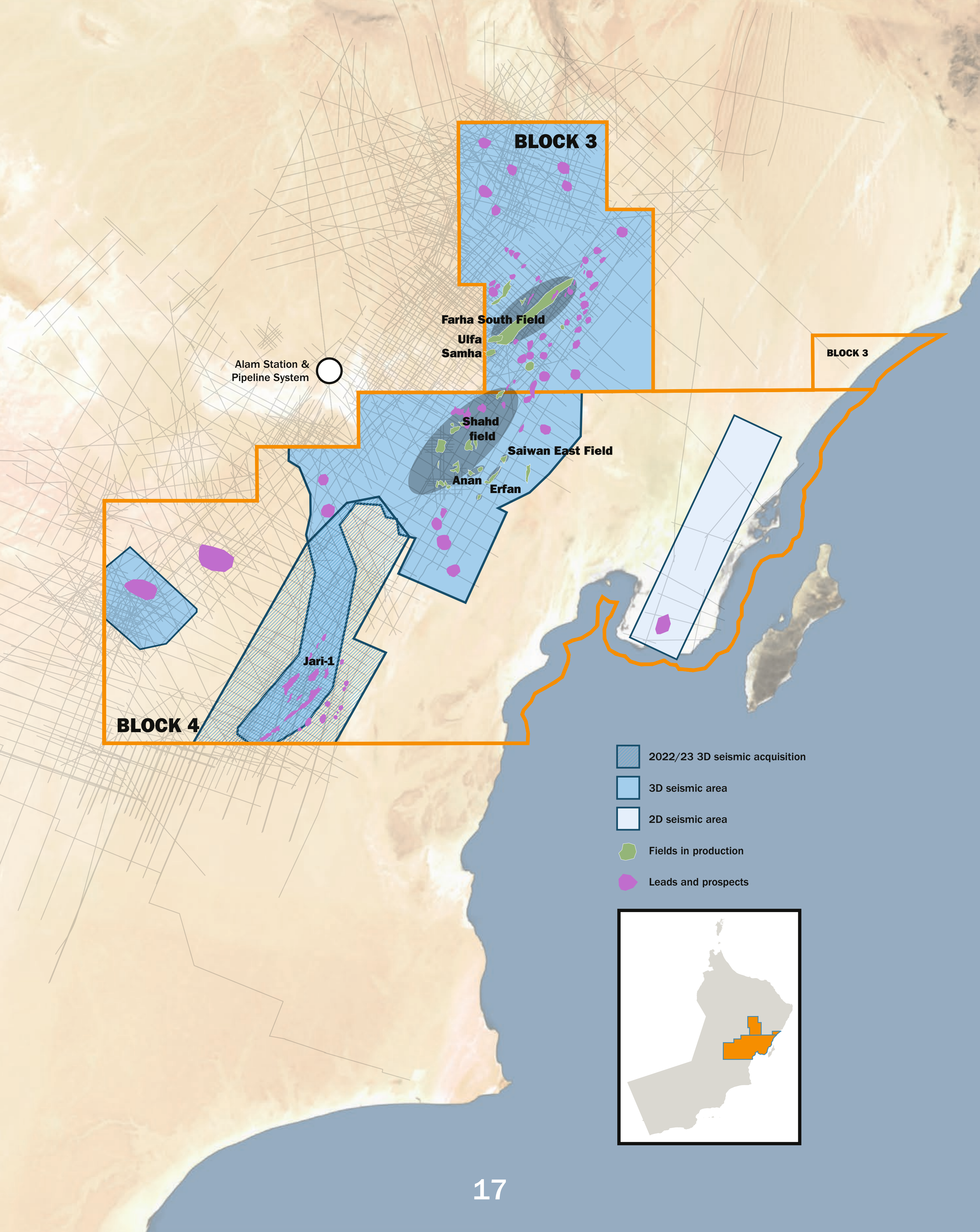
The primary focus of 2022 was to continue to increase the operational activities and investments following the slow down during the pandemic years as well as to stabilise the decreasing production over the year. The full year average production was 9,940 barrels of oil per day, 11 percent lower than in 2021. The decline was primarily an effect of constraints in the performance of processing facilities, particularly those related to water handling, and flow lines. The constraints disallowed newly drilled wells to contribute effectively to the overall production. The overall production from the blocks were also negatively affected by the performance of the Anan field and some newly drilled wells on Block 4 that contributed less than expected.

A full remedial actions programme was implemented during the year to counter the various production related issues and to increase the number of wells. Since 2021, the number of active drilling rigs has again increased after the industry slow down during the Covid-19 pandemic. Entering 2021, only one well rig was active whereas four rigs were active by year-end 2022. This allowed for 36 wells being drilled on the blocks in 2022 compared to 14 in 2021. In 2023 this figure is expected to increase further to 47 new wells as all four rigs will be active throughout the year.

Another key component of the programme was to improve the water handling in wells with high water cut and as such allow for higher production from these wells. Especially significant for this part of the programme was a debottlenecking upgrade to the produced water re-injection system (PWRI) at the Saiwan central processing facility on Block 4. The upgrade process included a temporary decline in production as a number of wells were periodically shut in while new pumps were installed and water pipes were replaced. The upgrades target greater production rates from existing high water cut wells and newer wells. The results of the efforts are expected throughout the course of 2023.

Exploration activities on the blocks were in 2022 focused on seismic acquisition rather than exploration drilling activities. A large area of some 3,500 km² in the southern part of Block 4 is being covered by 3D seismic. By 31 December 2022, the acquisition was almost halfway complete and is to be finished in 2023. The long-term goal is to have covered 100 percent of the potentially prospective areas of the blocks with 3D seismic by the end of 2024.

Seismic mapping, prospects and leads, Blocks 3&4, Oman



Two exploration wells were drilled in 2022 on Blocks 3&4, Hamdah-1 and Ahad-1. Hamdah-1 was the first exploration well of the year and was drilled in the first quarter and aimed at proving an extension of a Khufai play but did not encounter any oil. The second exploration well of the year, Ahad-1, was drilled in the fourth quarter. It is located some five kilometres southeast of the Shahd B field on Block 4, where it targeted the Barik and Lower Al Bashair formations, but like Hamdah-1 earlier in the year it encountered no oil.

The disappointing results from exploration drilling, in combination with the lower production from some wells and certain appraisal wells, affected the reserves and resource figures negatively. The blocks' total 2P reserves of 23.9 mmbo and 2C resources of 14.6 mmbo at year-end 2022 are however still strong as net revisions added to the resource base.

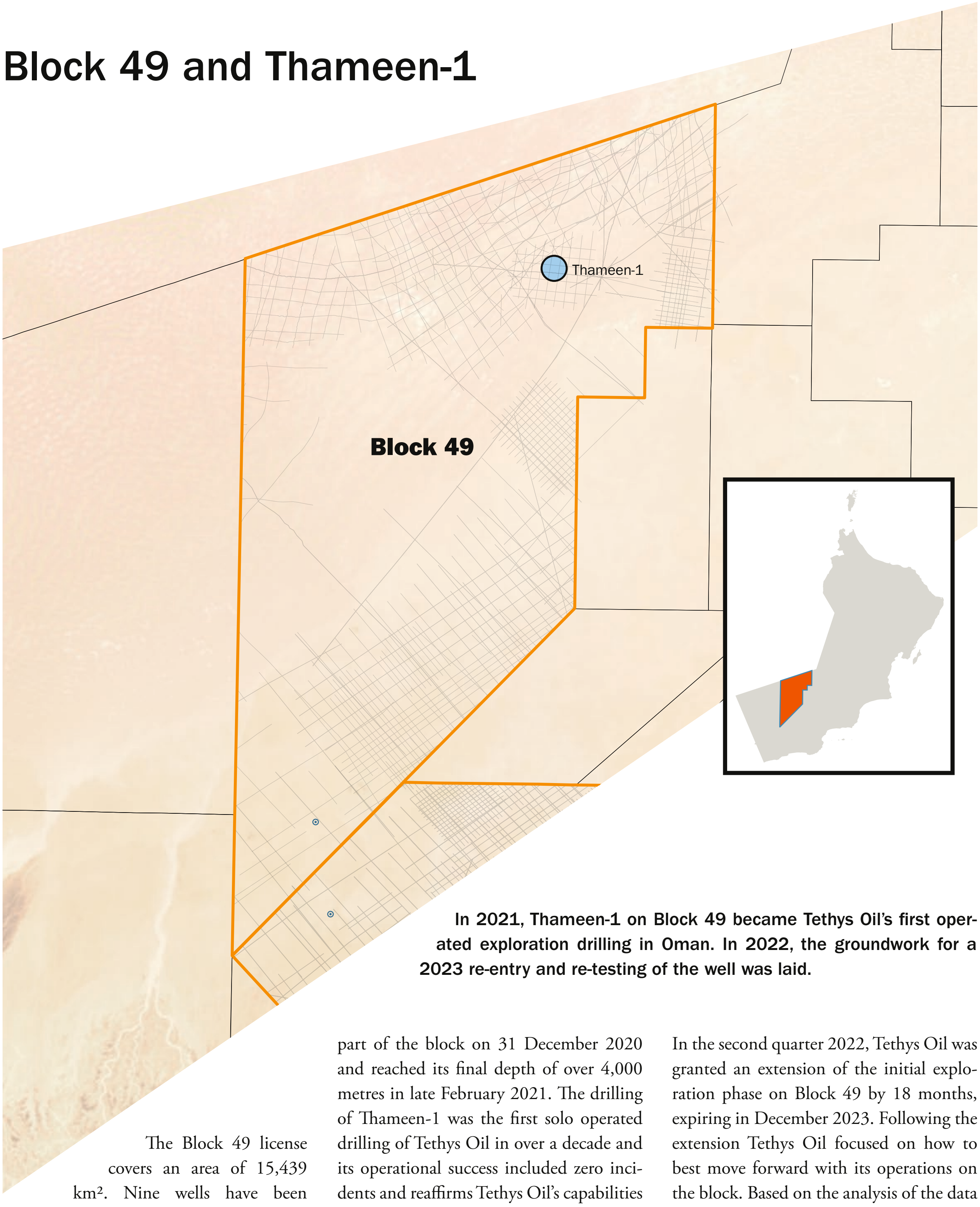
In 2023 an increase of the number of exploration wells is planned. Four new exploration wells are already planned, three of which will spud in the first quarter; Elaf-1, Rahbah-1 and Jari-1. Jari-1 is the most exciting of the three new wells. It will be drilled in the southern part of Block 4 and will target a Cryogenian age formation near where the Luja-1 well was drilled, and confirmed the presence of a working petroleum system, in the area in 2019. A successful drilling result will likely upgrade several prospects in an area that holds significant volume potential.

Elaf-1, located some eight kilometres northwest of Ulfa-1, is targeting the Khufai and Buah formations while Rahbah-1 is located about seven kilometres southeast of the Ulfa field, where it will be targeting the Khufai, Buah and Barik formations.

Gas to power emission reduction project

An exciting project to utilise the associated gas, produced as a by-product of the produced crude oil, on Blocks 3&4 is ongoing. The gas will be used for local power generation with permanent facilities and distributed by overhead lines, thus reducing the use of diesel-powered generators at the well sites and production facilities. The result is expected to be an overall reduction of emissions as well as a reduction of diesel consumption and related rental costs. For more details about the project and Tethys Oil's other sustainability engagements please read Tethys Oil's Sustainability Report 2022.

Block 49 and Thameen-1



In 2021, Thameen-1 on Block 49 became Tethys Oil's first operated exploration drilling in Oman. In 2022, the groundwork for a 2023 re-entry and re-testing of the well was laid.

The Block 49 license covers an area of 15,439 km². Nine wells have been drilled by previous operators within the block boundaries, several of which are reported to have encountered oil shows. Among the legacy wells, Dauka-1 was the first well ever drilled in Oman in 1955.

Tethys Oil has, since the Company was awarded the licence in 2017, reprocessed around 1,500 km of 2D seismic data from previous operators and conducted seismic campaigns of over 250 km² for new 3D and almost 300 km of new 2D. Based on these analyses, drilling operations commenced at Thameen-1 in the north eastern part of the block on 31 December 2020 and reached its final depth of over 4,000 metres in late February 2021. The drilling of Thameen-1 was the first solo operated drilling of Tethys Oil in over a decade and its operational success included zero incidents and reaffirms Tethys Oil's capabilities as an upstream operator.

While achieving no hydrocarbon flows to surface when tested, the logs from Thameen-1 indicated a more than 30-metre thick hydrocarbon bearing zone in the Hasirah sandstone formation. Subsequent analysis of, among others, samples of the reservoir rock obtained from side wall cores suggest that the Hasirah reservoir rock is tight and virtually impermeable despite having good porosity. Further studies have later suggested that hydrocarbons could flow if the reservoir rock is artificially fractured.

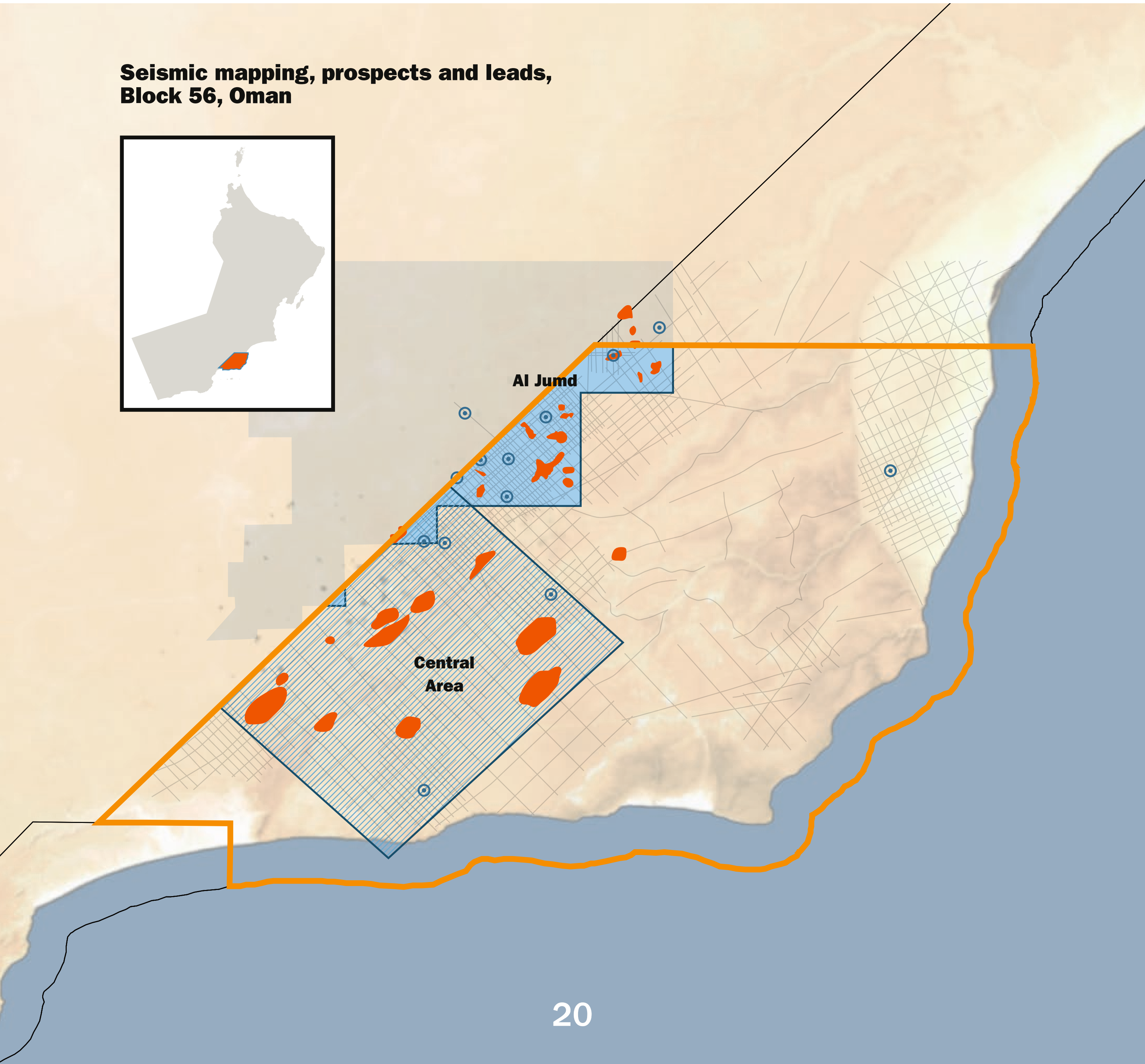
In the second quarter 2022, Tethys Oil was granted an extension of the initial exploration phase on Block 49 by 18 months, expiring in December 2023. Following the extension Tethys Oil focused on how to best move forward with its operations on the block. Based on the analysis of the data gathered, the well is to be re-entered and re-tested late in the second quarter 2023. During the re-testing a hydraulic fracture operation will be carried out to circumvent the well's naturally low permeability. Throughout late 2022 and early 2023 the ongoing preparations have focused on the hydraulic fracture design, procurement and site preparation. Successfully flowing hydrocarbons to surface through this operation would turn the inconclusive Thameen-1 well into a discovery and thus determine the Company's further course of action in relation to a second exploration phase.

Block 56
– in the midst of promising appraisal and exploration

Block 56 is a promising exploration and appraisal block for which Tethys Oil has been the operator since 2021 with a 65 percent interest share. In 2022, five wells were drilled in Al Jumd ahead of a 2023 extended well test and in the "Central Area" seismic studies continued in preparation for a 2023 exploration drilling targeting some 50 mmbo unrisked resources.

Block 56 covers an area of 5,808 km² in the south-eastern part of Oman some 200 km south of Blocks 3&4, adjacent to the south-east of Block 6 where PDO produce oil from the Kareem small fields. The block lies at the intersection of different geological provinces including the prolific South Oman Salt Basin. It offers exploration potential in multiple play concepts, both proven and unproven, many of which are familiar to Tethys Oil from its other operations in Oman. In total, there had been eleven wells drilled on the block prior to Tethys Oil assuming operatorship in 2021, ten of which encountered oil or oil shows. Under Tethys Oil's operatorship the focus of the exploration and appraisal activities has been on two different areas of Block 56, Al Jumd and the Central Area.

Seismic mapping, prospects and leads, Block 56, Oman



Al Jumd

Al Jumd is located in the north-western part of the block and it is here where most of Tethys Oil's appraisal activities have been conducted in 2022. In earlier parts of the year, Tethys Oil drilled three appraisal wells in the area, Al Jumd-2, Sahab-1 and Sarha-3. The most promising of the three by far was the horizontal Al Jumd-2 with an initial flowrate of some 700 barrels of oil per day, confirming the Company's model of the discovery. Following the positive results from Al Jumd-2, the area surrounding the discovery was prioritised and further testing on Sahab-1 and Sarha-3 was halted. In the third quarter, the discovery's appraisal programme was instead expanded by an additional two wells, Al Jumd-3 and -4. In total, Al Jumd-2, -3 and -4 are targeting the structure's north-western, north-eastern and southern areas respectively and cover a significant portion of the discovery.

In parallel with the drilling of Al Jumd-3 and -4, preparations commenced for an extended well test ("EWT") with the primary purpose of establishing the resource volume and production capability of the Al Jumd discovery. The EWT has a planned duration of three to six months and is after some delay expected to start at the end of March 2023. Initial production is expected to be around 400 barrels of oil per day and then increase to 800. The production rate from the test is expected to vary over time and will be governed by test consideration and data gathering objectives. As it is produced, the oil from the EWT is transported by truck from the production facility at Al Jumd to Simsim, some 15 kilometres away from Al Jumd on Block 6, where it is measured and transferred into the national pipeline system.

Central area

The Central area is located further to the south and was together with Block 58 the main focus of Tethys Oils exploration activities in 2022. The area is, based on legacy seismic data and results from previously drilled exploration wells, estimated to hold some 50 million barrels of unrisked resources. To further investigate the potential of the area, a seismic acquisition campaign of some 2,000 km² was completed in the first quarter of 2022 after which processing and, later on, interpretation of the 3D data commenced. The interpretation will establish more details on the prospective volumes of the area and is expected to be completed in the second quarter of 2023. From the interpreted data, a detailed prospect maturation process will take place from which several drillable prospects will be established ahead of exploratory drilling in the latter half of 2023.

Block 58 – high-potential exploration

Awarded in 2020 with a 100 percent interest share, Block 58 is Tethys Oil's latest addition to the portfolio. The block has several high-potential leads spread over the South Lahan and Fahd areas. In 2022, significant exploration steps were taken, culminating in the identification of three drillable prospects with a total of 184 mmbo unrisked prospective resources in Fahd.

Block 58 is located in the Dhofar Governorate in the southern part of Oman and covers an area of 4,557 km². Adjacent to Block 6's Harweel cluster with producing fields and infrastructure some 4–10 kilometres to the east of the block, Block 58 straddles the western flank of the South Oman Salt Basin and the Western Deformation Front. A total of 7,600 km of 2D seismic and 1,100 km² of 3D seismic data acquired by previous operators was made available to Tethys Oil as it assumed operatorship in addition to raw logs and well reports from two wells drilled within the block boundaries. The block showed potential as both previous wells had encountered hydrocarbon shows and multiple play concepts were believed to exist within the block boundaries, including plays familiar to Tethys Oil, with several leads identified. Based on further analysis of the legacy data, Tethys Oil has focused its exploration activities on two areas of the block, Fahd and South Lahan.

mmbo	Pmean	Pg	Risked mean
Fahd	40.1	17%	6.9
South Fahd	123.4	21%	26.1
South-West Fahd	20.9	21%	4.4
Total	**184.4**		**37.4**

Fahd

In the Fahd area, located in the north-eastern corner of the block, a prospect maturation process was ongoing throughout 2022. The process concluded in the fourth quarter with the identification and volumetrics of three prospects, holding a combined estimate of unrisked mean prospective resource potential of 184 mmbo with targets in the Buah, Khufai and Ara formations. Analysis of the finalised prospect inventory will continue in 2023 and based on the findings the location of Tethys Oil's first exploration well on the block will be selected for a planned spud in the second half of the year.

South Lahan

In South Lahan, located in the eastern and central part of the block, some 450 km² 3D seismic were acquired in late 2021. The processing and interpretation work of the 3D seismic started in 2022 and over the course of the year it yielded encouraging results that reinforced Tethys Oil's view of the areas prospectivity. The South Lahan area contains several leads based on proven plays that are in production in the surrounding areas and from the new seismic several new leads have been identified. As the interpretation work continues in 2023, it is expected that drillable prospects will be matured in the first half of the year.

Key financial data

Group	2022	2021	2020	2019	2018
Operational items					
Production before government take, Oman Blocks 3&4, bbl	3,628,074	4,064,803	4,148,818	4,683,754	4,294,852
Production per day, Oman Blocks 3&4, bbl	9,940	11,136	11,336	12,832	11,767
Oil sales, bbl	1,585,534	1,808,857	2,317,875	2,259,849	2,163,148
Achieved oil price, USD/bbl	94.2	62.8	47.7	64.2	70.5
Income statement and balance sheet					
Revenue and other income, MUSD	156.5	112.7	101.1	150.8	157.3
EBITDA, MUSD	99.1	61.4	50.4	92.2	105.7
EBITDA-margin	63%	54%	50%	61%	67%
Operating result, MUSD	54.2	16.1	5.8	37.1	60.7
Operating margin	35%	14%	6%	25%	39%
Net result, MUSD	58.3	16.7	3.3	38.3	62.2
Net margin	37%	15%	3%	25%	40%
Cash and cash equivalents, MUSD	41.5	68.6	55.4	75.6	73.1
Shareholders' equity, MUSD	285.2	256.6	257.7	276.3	267.6
Balance sheet total, MUSD	316.0	284.5	280.3	300.2	291.4
Capital structure					
Equity ratio	90%	90%	92%	92%	92%
Leverage ratio	neg.	neg.	neg.	neg.	neg.
Investments in oil and gas properties, MUSD	89.1	35.2	45.4	65.2	55.8
Net cash, MUSD	41.0	67.8	55.1	75.1	73.1
Profitability					
Return on shareholders' equity	21.53%	6.46%	1.23%	14.10%	25.09%
Return on capital employed	19.14%	5.92%	2.12%	14.66%	26.66%
Other					
Average number of full-time employees	29	26	22	23	20
Distribution per share, SEK	7.00	4.00	5.00	8.00	6.00
Cash flow from operations per share, USD	2.63	1.96	1.59	2.64	2.97
Number of shares at period end	33,056,608	33,056,608	33,056,608	36,294,960	35,896,310
Of which repurchased shares at period end	738,351	474,673	315,552	1,954,163	1,644,163
Number of shares at year end (excluding repurchased shares)	32,318,257	32,581,935	32,741,056	34,340,797	34,252,147
Shareholders' equity per share, USD	8.63	7.76	7.87	7.61	7.45
Weighted average number of shares (before dilution),	32,543,670	32,619,054	33,321,353	34,222,434	34,093,820
Weighted average number of shares (after dilution),	32,664,523	32,660,948	33,328,099	34,302,768	34,224,839
Earnings per share before dilution, USD	1.79	0.51	0.10	1.12	1.83
Earnings per share after dilution, USD	1.78	0.51	0.10	1.12	1.82

EBITDA and Net cash, MUSD	2022	2021	2020	2019	2018
Operating result	54.2	16.1	5.8	37.1	60.7
Add: Depreciation. depletion and amortisation	40.5	41.2	44.5	47.6	45.9
Add: Exploration costs	4.5	4.1	–	8.2	–
Less: Share of net result from associate	-0.1	–	–	-0.7	-0.9
EBITDA	**99.1**	**61.4**	**50.3**	**92.2**	**105.7**
Cash and cash equivalents	41.5	68.6	55.4	75.6	73.1
Less: Interest bearing debt	-0.5	-0.8	-0.3	-0.5	–
Net cash	**41.0**	**67.8**	**55.1**	**75.1**	**73.1**

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.

EBITDA-margin	EBITDA as a percentage of revenue and other income.
Equity ratio	Shareholders' equity as a percentage of total assets.
Return on shareholders' equity, rolling 12 months	Return on shareholders' equity is calculated by dividing the net result for the past 12 months by the average of the ingoing and outgoing shareholders' 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 two 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. Most 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 than entitlement barrels results in an overlift and the opposite in 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	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.

The Tethys Oil share

Shares outstanding

Tethys Oil's shares are traded on Nasdaq Stockholm and the Company's registered share capital at 31 December 2022 amounts to SEK 6,050,862 represented by 33,056,608 shares with a quota value of SEK 0.18. All shares in Tethys Oil represent one vote each. All outstanding shares are common shares and carry equal rights to participation in Tethys Oil's assets and earnings. As per 31 December 2022, the Board of Directors had remaining outstanding authorisation from the Tethys Oil's Annual General Meeting ("AGM") on 18 May 2022 to resolve on the issue of up to 10 percent of new shares up until the next AGM. In addition the AGM 2022 resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the Company's share capital. As per 31 December 2022, Tethys Oil held 738,351 (2.2 percent of total shares) of its own shares which was purchased at an average price of SEK 54.14. 263,678 of the treasury shares were bought back during 2022 at an average price of SEK 60.12 per share.

Numbers of shares	Full year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Full year 2021
Shares in issue, end of the period	33,056,608	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	263,678	186,778	76,900	–	–	159,121
Treasury shares, end of the period	738,351	738,351	551,573	474,673	474,673	474,673
Shares outstanding, end of the period	32,318,257	32,318,257	32,505,035	32,581,935	32,581,935	32,581,935
Weighted average outstanding before dilution, during the period	32,543,670	32,435,616	32,577,137	32,581,935	32,581,935	32,619,054
Weighted average outstanding after dilution, during the period	32,664,523	32,531,314	32,670,830	32,780,953	32,682,353	32,660,948

Shareholders per 31 December 2022, or latest know update	Number of shares	Proportion capital/votes
Lansdowne Partners	3,633,699	11.0%
Avanza Pension	1,687,917	5.1%
Magnus Nordin	1,555,427	4.7%
Liontrust	1,102,871	3.3%
Dimensional Fund Advisors	958,711	2.9%
Nordnet Pensionsförsäkring	840,874	2.5%
Adage Capital Management	810,000	2.5%
Carl Erik Norman	740,000	2.2%
Tethys Oil AB	738,351	2.2%
Jan Risberg	625,000	1.9%
Daniel Hägerlöf	540,130	1.6%
Missouri Local Government Employees Retirement	396,833	1.2%
Acadian Asset Management	374,112	1.1%
Bengt Karlsson	360,000	1.1%
Ensign Peak Advisors Inc.	310,019	0.9%
Other shareholders, appr. 10,300	18,382,664	55.6%
Total number of shares	**33,056,608**	**100%**

Source: Monitor by Modular Finance as per 31 December 2022. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory. The verification date may vary for certain shareholders.

Tethys Oil has an incentive program as part of the remuneration package to employees. 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 third quarter 2022 160,000 new warrants were issued. In October 2022 the exercise period for the 2019 incentive programme expired without any warrants having been exercised.

In 2022, Tethys Oil introduced the *Tethys Oil Long-Term Incentive Programme 2022–2024* ("LTIP 2022") dedicated to all employees, except for Executive Management.

				Number of warrants				
Warrant incentive programme	**Exercise period**	**Subscription price, SEK**	**Shares per warrant**	**1 Jan 2022**	**Issued 2022**	**Exercised 2022**	**Expired 2022**	**31 Dec 2022**
2019 programme	1 Jun – 7 Oct 2022	64.9	1.21	350,000	–	–	350,000	–
2020 programme	13 Jun – 6 Oct 2023	48.2	1.12	350,000	–	–	–	350,000
2021 programme	12 Jun – 4 Oct 2024	70.8	1.07	200,000	–	–	–	200,000
2022 programme	11 Jun – 6 Oct 2025	99.5	1.00	–	160,000	–	–	160,000
Total				**900,000**	**160,000**	**–**	**350,000**	**710,000**

Dividend policy

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

Shareholder distribution proposal

For the financial year 2022, the Board of Directors proposes to the AGM 2023 a total distribution of SEK 5.00 per share, corresponding to MSEK 161.6 in total. The distribution, subject to approval by the AGM, is proposed to be made by a cash dividend of SEK 2.00 per share and SEK 3.00 per share by a mandatory share redemption programme. (The AGM 2022 resolved on a total distribution of SEK 7.00 per share, of which SEK 2.00 per share as cash dividend and SEK 5.00 per share by a mandatory share redemption programme, equal to MSEK 228.1).

Distribution of shareholdings

Distribution of shareholdings per 31 January 2023.

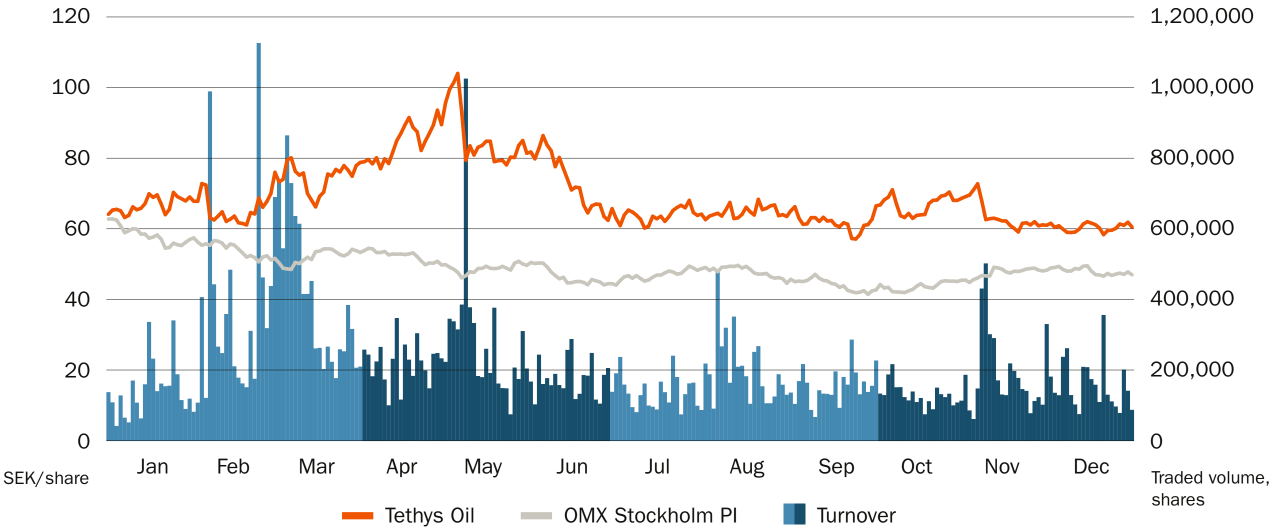
Owner distribution by holdings	Number of shares	Capital and votes	Number of owners	Part of owners
1 – 500	816,427	2.47%	8,131	78.33%
501 – 1,000	781,696	2.36%	952	9.17%
1,001 – 5,000	2,296,318	6.95%	976	9.40%
5,001 – 10,000	1,071,985	3.24%	145	1.40%
10,001 – 20,000	1,176,802	3.56%	78	0.75%
20,001 – 50,000	1,457,778	4.41%	49	0.47%
50,001 – 100,000	1,118,593	3.38%	16	0.15%
100,001 – 200,000	1,488,668	4.50%	10	0.10%
200,001 –	16,799,287	50.82%	23	0.22%
Shareholders with unknown amounts	6,049,054	18.30%		

Source: Monitor by Modular Finance

Share statistics 2022

The final transaction price in 2022 was SEK 60.50 corresponding to a total market capitalization of MSEK 1,955. During the year the price of Tethys Oil's share decreased by 2.9 percent. Based on data from NASDAQ Stockholm, the highest transaction price in 2022 was SEK 104.00 on 6 May and the lowest was SEK 57.10 on 26 September. The turnover velocity (annual turnover/ outstanding shares) was 168 percent on Nasdaq Stockholm. Tethys Oil's share capital development is found on tethysoil.com.

Share price development and turnover 2022



Corporate Governance Report 2022

Corporate Governance refers to the framework of policies and guidelines through which the Company is run accountably, sustainably, transparently and efficiently on behalf of its shareholders. Tethys Oil adheres to Swedish legislation, NASDAQ Stockholm's rule book for issuers and the Swedish Code of Corporate Governance ("the Code"). In addition, Tethys Oil has established governance rules and procedures decided by the Board and which are available on the Company's website.

This Corporate Governance Report 2022 is submitted in accordance with the Swedish Annual Accounts Act and the Code (the Code is published on www.bolagsstyrning.se). It explains how Tethys Oil has conducted its corporate governance activities during 2022. Tethys Oil does not report any deviations from the Code. The report has been examined by the Company's auditors, please see page 33.

Shareholders

Tethys Oil's shares are listed on Nasdaq Stockholm. Of the total number of shares, foreign shareholders accounted for approximately 55 percent. Lansdowne Partners Austria is the only shareholder with a holding in excess of 10 percent of shares and votes, with a holding of 3,633,699 shares representing 11.0 percent of shares and votes.

Tethys Oil's holding of its own shares amounted to 738,351 shares as per 31 December 2022.

For further information on share, share capital development and shareholders, see pages 26-28 and Tethys Oil's website.

Annual General Meeting

The general meeting is the highest decision making body. The Annual General Meeting ("AGM") must be held within six months of the close of the fiscal year. All shareholders who are listed in the share register on the record date and who have notified the Company of their participation in due time are entitled to participate at the AGM. There are no restrictions on the number of votes each shareholder may cast at the general meeting.

The AGM 2022 authorised the Board to, on one or several occasions before the AGM 2023, resolve on issues of new shares and/or convertibles against payment in cash, in kind or through set-off or subject to other conditions and with the right to deviate from the shareholders' preferential rights. The purpose of the authorisation and the reason for a possible deviation from the shareholders' preferential rights is to facilitate the raising of capital for acquisitions and the Company's operations. The AGM resolved to amend the Articles of Association in accordance withe Board of Directors' proposal, the full proposal can be found on the Company's website.

The minutes recorded at the AGM can be found at Tethys Oil's website, www.tethysoil.com.

The Annual General Meeting 2023 is scheduled to be held in Stockholm on 10 May 2023 at CEST 15:00. The meeting will be held with the physical presence of shareholders, representatives and authorised third parties.

Nomination process

In accordance with the Nomination Committee process approved by the AGM 2022, the Nomination Committee for the AGM 2023 consists of members appointed by three of the largest shareholders of the Company based on shareholdings as per 30 September 2022 and the chairman of the Board. The names of the members of the Nomination Committee were announced and posted on the Company's website on 10 November 2022.

The Nomination Committee for the AGM 2023 consists of the following members:

- Viktor Modigh, Chairman of the Nomination Committee, representing Magnus Nordin;
- Mikael Petersson, representing Lansdowne Partners Austria GmbH;
- Jan Risberg, representing himself; and
- Per Seime, Chairman of Tethys Oil

Shareholders who wish to present a motion to the Nomination Committee can do so to the chairman of the nomination committee: nomcom@tethysoil.com or by letter to Tethys Oil AB, Nomination Committee, Hovslagargatan 5B, SE-111 48 Stockholm.

The Nomination Committee report, including the final proposals to the AGM 2023, will be published on the Company's website together with the notice of the AGM.

The Nomination Committee's assignment is to prepare proposals for Board of Directors and election of auditors, remuneration to the Board of Directors and auditors as well as Chairman for the Annual General Meeting.

The work of the Nomination Committee included evaluation of the Board's work, competence and composition, as well as the independence of the members. The Nomination Committee also considered other criteria such as the background and experience and has also taken part in the Board evaluation. Further, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code including the Company's Board Diversity policy in its proposal for Board members. The Nomination Committee believes that the Board has an appropriate composition with a diversity and a mix of nationalities with diverse knowledge. The Board diversity policy is available on the Company's website.

The Board and its work

Board composition

The Articles of Association stipulate that the Board of Directors of Tethys Oil shall consist of no less than three and no more than ten Board members with no more than three deputy Board members. Board members and chairman of the Board are elected for a maximum of one year at a time. The Board of Directors of Tethys Oil elected at the AGM 2022 consists of five members and no deputies. Per Seime was elected chair of the Board. Four Board members are independent from the Company and the Company's management, and five Board members are independent from larger shareholders. For further information on the Board members, please see pages 34–35.

Board of Directors elected at the AGM 2022

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the Company	Independent in relation to the Company's larger shareholders
Per Seime	2017	Chairman	1946	Norway	Yes	Yes
Robert Anderson	2017	Member	1953	United Kingdom	Yes	Yes
Klas Brand	2020	Member	1956	Sweden	Yes	Yes
Alexandra Herger	2017	Member	1957	United States	Yes	Yes
Magnus Nordin	2001	Member	1956	Sweden	No	Yes

The work of the Board of Directors

The Board of Directors at Tethys Oil establishes the overall goals and strategy of the Company and resolves on larger investments, acquisitions and disposals of business activities or assets. The Board ensures that there is an appropriate system for follow-up and control of the Company's operations, including evaluating the risks associated with its operations and that there is a satisfactory process for monitoring the Company's compliance with applicable laws, regulations, internal rules and procedures, and board resolutions. The Board further ensures that the Company's external communications are characterised by openness, and that they are accurate, reliable, and relevant. The Board of Directors' work is governed by annually adopted rules of procedure. The chairman of the Board of Directors supervises the work and is responsible for it being well organised and efficient. This entails, among other things, continually following the Company's operations in contact with the Managing Director and being responsible for other Board members receiving the information and documentation needed to ensure high-quality discussions and well-founded decisions by the Board of Directors. The chairman is responsible for the evaluation of the Board of Directors' and the Managing Director's work and represents the Board of Directors in ownership matters.

The Board has during the year increased its focus on environmental and sustainability issues and assessed how this impact risks and business opportunities for the Company and also defined and adopted group policies to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability. The Board has also devoted time to the Company's strategies and operations.

According to the current rules of procedure the Board of Directors shall, after the constituent Board meeting following the AGM, hold a minimum of seven ordinary meetings during a calendar year.

Timing and main items for ordinary meetings following AGM	
May	Constituting meeting
August	Second quarter report
September	Strategy review and discussion of investment plan
November	Third quarter report
December	Investment plan and budget, liquidity and forecast
January–February	Fourth quarter Year-end report, allocation of profit, review auditors' report
March–April	Annual report and AGM

Assessment of the board's work

The chairman of the Board is responsible for assessing the Board's work including the performance of individual Board members. This is done on an annual basis through a questionnaire which is anonymous for the Board members. The assessment focuses on such factors as the Board's way of working, number of meetings and effectiveness, time for preparation, available competence and individual Board members influence of the Board's work. The Nomination Committee takes part in assessing the results, and it is a component in the nomination committee's work to submit a proposal to the AGM concerning Board members.

Board of Directors and committee attendance in 2022

During 2022, the Board held 14 meetings of which seven were ordinary and seven extraordinary, in person, via telephone or digitally and per capsulam meetings. Attendance at the meetings is shown in the table below. Board secretary was the Company's CFO, Petter Hjertstedt, and Head of Legal, Camilla Hansén. Prior to each meeting, Board members were provided with an agenda and written information on the matters to be covered. Each meeting has included the possibility to discuss without management representatives being present.

Board of Directors and committee attendance in 2022

Board member	Board	Member Audit Committee	Member Remuneration Committee	Member of Technical Committee	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Technical Committee meetings
Per Seime	Chair	Yes	Yes (Chair)	–	14/14	4/4	2/2	–
Klas Brand	Member	Yes (Chair)	–	–	14/14	4/4	–	–
Robert Anderson	Member	–	–	Yes (Chair)	14/14	–	–	4/4
Alexandra Herger	Member	–	Yes	Yes	14/14	–	2/2	4/4
Magnus Nordin	Member	–	–	–	14/14	–	–	–

Remuneration to the Board 2022

Remuneration to be paid to the Board of Directors for the period between the AGM:s of 2022 and 2023 amounts to a total of TSEK 2,015, allocated among the Board members in the way shown in the below table. The Annual General Meeting 2022 resolved that remuneration of the chairman of the Board of Directors shall be TSEK 700 per annum and of the other members TSEK 330 per member per annum. Remuneration is not paid for service of the Boards or directors of subsidiaries. Magnus Nordin, who is employed by Tethys Oil, does not receive any remuneration for his service on the Board of Directors.

Annual fee for committee members is TSEK 35 per committee assignment and annual fees for the chairman of the Remuneration and Technical Committees are TSEK 65. The annual fee for the chairman of the Audit Committee is TSEK 90, unless the committee is chaired by the Chairman of the Board in which case the annual fee is TSEK 65.

Remuneration to Board and Committee members for the period between the AGM:s of 2022 and 2023 (in their capacity as Board members)

	TSEK
Per Seime	800
Robert Anderson	395
Alexandra Herger	400
Magnus Nordin	–
Klas Brand	420
Total	**2,015**

Board committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain matters, the Board has formed three committees: The Audit, Remuneration and Technical committees. Committee members are appointed within the Board for the period until the next AGM. The committees' duties and authorities are regulated in the annually approved rules of procedure for each committee. The committees monitor and evaluate relevant matters and make recommendations for decisions by the Board of Directors.

Audit Committee

The Board has established an Audit Committee for the period up to and including the AGM 2023, consisting of Klas Brand as Chairman and Per Seime as member of the committee. The Audit Committee convened four times in 2022. The work has mainly focused on supervising the Company's financial reporting and assessing the efficiency of the Company's financial internal controls, the primary objective is to provide support to the Board of Directors. The Audit Committee also regularly liaises with the Group's statutory auditors as part of the annual audit process and reviews the audit fees and the auditors' independence and impartiality. The Audit Committee also assists the Nomination Committee with proposals for resolutions on the election and remuneration of the auditor. The Audit Committee reports to the Board, normally in conjunction with the following Board meeting.

Remuneration Committee

The Board has established a Remuneration Committee for the period up to and including the AGM 2023, consisting of Per Seime as Chairman and Alexandra Herger as member of the Committee. The Remuneration Committee convened two times in 2022. The work has mainly focused on preparing the Board's decisions on principles for remuneration to the Managing Director and Group Executive Management, establishing key performance indicators, monitoring and evaluating variable remuneration and the application of the guidelines for remuneration as well as to construct and propose the share-based incentive programme to the AGM.

The guidelines for remuneration to senior executives were approved by the Annual General Meeting 2022. In order to simplify the variable remuneration components and the measurements there will be a need for minor changes to the remuneration guidelines to be proposed for the AGM in 2023. The remuneration guidelines applied in 2022 and proposed for 2023 is presented in the Administration report on pages 43-47.

Technical Committee

The Board has established a Technical Committee for the period up to and including the AGM 2023, consisting of Robert Anderson as Chairman and Alexandra Herger as a member of the Committee. The Technical Committee convened four times in 2022. The work has mainly focused on following up on work programmes, budgets and investment proposals, evaluation of and recommendation on appointment of independent qualified reserve auditor, oversight of the reserves evaluation process, review of operations management systems and technical review of new ventures projects. The Technical Committee reports to the Board, normally in conjunction with the following Board meeting.

External auditors of the Company

Statutory auditors

Pursuant to its Articles of Association, Tethys Oil must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the Company's auditor. Tethys Oil's auditor is PricewaterhouseCoopers AB with Johan Malmqvist as lead partner and Sophie Damborg as co-signing auditor. PricewaterhouseCoopers AB was elected as the Company's auditor at the AGM 2022. At least once a year, the Board meets the Company's auditor without the Managing Director or any other member of the executive management present. Tethys Oil's auditors reviewed the Company's third quarter and nine months report 2022.

Tethys Oil's auditor: PricewaterhouseCoopers AB

	Johan Malmqvist	Sophie Damborg
Role	Lead partner	Co-signing Auditor
Company auditor since	2021	2020

Remuneration to the auditors of Tethys Oil is paid in accordance with approved current accounts. In 2022, remuneration to PricewaterhouseCoopers AB amounted to MUSD 0.2 (MUSD 0.2). For details on remuneration to auditors, see note 9, Auditor's fees.

Independent qualified reserves auditor

Tethys Oil's independent qualified reserves auditor annually evaluates Tethys Oil's oil reserves and resources, although such assets are not included in the Company's balance sheet. The independent qualified reserves auditor for the 2022 report was ERC Equipoise Limited ("ERCE"), the same that also audited the 2021 report. For further information, see Reserves on page 40.

Managing Director and executive management

The Managing Director is responsible for the day-to-day business of the Company and shall take the decisions needed for developing the business in accordance with the external and internal framework. The Board evaluates the work of the Managing Director formally at least once a year, and without any member of the executive management present during this evaluation process.

Per the end of 2022 the executive management in Tethys Oil consisted of the Managing Director (Magnus Nordin), CFO (Petter Hjertstedt), CTO (Fredrik Robelius) and Head of Legal (Camilla Hansén). The Board of Directors has adopted an instruction for the Managing Director which clarifies the responsibilities and authority of the Managing Director. According to the instruction, the Managing Director shall provide the Board of Directors with decision data in order to enable the Board to make well founded decisions and with documents to enable it to continually monitor the activities for the year.

Internal control

The Board of Directors has the overall responsibility for establishing an effective system of internal control and risk management to ensure smooth business operations, clearly defined reporting lines and performance measurement systems. This includes maintaining an effective control environment and overseeing relevant policies and important accounting principles applied by the Group in financial reporting as well as changes to these principles. The main focus of the internal control function is designing effective business processes and controls, documentation of the control procedures and implementation of routines with further assessment of the process's effectiveness and internal controls efficiency.

The Board of Directors identifies and monitors business and financial risks ongoing. Risks identified are addressed to the proper part of the organization and internal control activities are designed to execute and mitigate these risks. Activities status and results are reported to the Board of Directors on an ongoing basis.

Financial reporting

The Group's financial reporting procedures comply with the requirements of the laws and accounting and reporting regulations of the countries of incorporation of the Group's subsidiaries, together with the International Financial Reporting Standards ('IFRS').

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

The Company's finance team has a set of procedures allowing to monitor business performance, perform analyses and follows up on budget, prepare forecasts, follows up on significant variations between periods etc. The control activities also include following up on the authorisation manual and accounting principles.

Tethys Oil's main assets are held jointly with partners and the relationships are governed through Joint Operating Agreement (JOA). The focus of internal control is, therefore, to ensure reliability and accuracy of the operator's financial information, including where Tethys Oil is an operator. The control is conducted by monthly and quarterly expenditure controls, quarterly budget reviews and interviews with operators to understand and explain deviations from budget. As part of the monitoring and control procedure of the Exploration and Production Sharing Contract, Tethys Oil regularly reviews the results of recoverability audits performed by Ministry of Energy and Minerals of Sultanate Oman.

The Board of Directors further decides on specific control activities and auditing of operators in joint operations.

With the Company's current size, operations as well as finance and internal control team, Tethys Oil currently does not consider it necessary to have a dedicated internal audit function.

Information and communication

The Board has adopted an information policy for the purpose of ensuring that the external information is correct and complete. There are also instructions regarding information security and how to communicate financial information.

Monitoring and follow-up

Both the Board and the management follow up on the compliance and effectiveness of the Company's internal controls to ensure the quality of internal processes. The Board receives detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee ensures and monitors that control activities are in place for important areas of risk related to financial reporting.

Stockholm, 17 April 2023

Tethys Oil AB (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders of Tethys Oil AB (publ), corporate identity number 556615-8266

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 29–33 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 17 April 2023
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Board of Directors



Member	Per Seime	Rob Anderson	Klas Brand
Function	Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee	Board member and Chairman of the Technical Committee	Board member and Chairman of the Audit Committee
Elected	2017	2017	2020
Year of birth	1946	1953	1956
Nationality	Norway	United Kingdom	Sweden
Education/background	Master of Law, University of Oslo. Master of Comparative Law, University of Chicago Law School. Norwegian School of Economic (NHH) Executive Board Programme.	MA Engineering, Christ's College, Cambridge University. Chartered Engineer & Fellow of the Institution of Mechanical Engineers	Bachelor's Degree in Business Administration and Economics, Gothenburg University
Experience	Oil and gas lawyer with more than 30 years' experience. Lawyer for Mobil Oil (Norway, USA and Indonesia). Previously chair of the board of Premier Oil Norge and Nexen Exploration Norge.	VP Projects & Engineering at TNK-BP, Head of Projects at BP. Engineer with deep experience in oil installations and major oil and gas field developments	Former Authorized Public Accountant and partner at PwC's Assurance practice in Gothenburg, Sweden. Consultant to listed and private companies within e.g. internal controls and financial reporting.
Other board duties		–	Board member of Göta Par Bricole, Gothenburg, Board member of 1BC3 Brand AB
Shares in Tethys Oil (per 31 December 2022)[1]	5,000	–	8,000
Warrants in Tethys Oil (per 31 December 2022)[1]	–	–	–
Board and committe remuneration (MSEK)[2]	0.800	0.395	0.420
Independent in relation to the Company	Yes	Yes	Yes
Independent in relation to the Company's larger shareholders	Yes	Yes	Yes

1 Privately or via company
2 Resolved upon at the AGM 2022

Photo by Alex Berger

Member	**Alexandra Herger**	**Magnus Nordin**
Function	Board member of the Remuneration and Technical Committees	Board member and Managing Director
Elected	2017	2001
Year of birth	1957	1956
Nationality	United States	Sweden
Education/background	BA Geology, Ohio Wesleyan University and Master studies Geology, University of Houston	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles
Experience	VP Global Exploration at Marathon Oil, executive positions at Shell and Enterprise Oil	Several executive positions in different oil companies
Other board duties	Board member: Panoro Energy ASA, and Tortoise Capital Advisors Member: Women's Leadership Committee, Oil Council and Leadership Texas, Foundation for women's resources, member of the PGS ASA's Nomination Committee	Board member: Minotaurus AB, including subsidiaries, and Minotaurus Energi AS
Shares in Tethys Oil (per 31 December 2022)[1]	–	1,555,427
Warrants in Tethys Oil (per 31 December 2022)[1]	–	2020/23: 60,000 2021/24: 60,000 2022/25: 60,000
Board and committe remuneration (MSEK)[2]	0.400	–
Independent in relation to the Company	Yes	No
Independent in relation to the Company's larger shareholders	Yes	Yes

1 Privately or via company
2 Resolved upon at the AGM 2022

Executive management

	Magnus Nordin	**Petter Hjertstedt**
Function	Board member and Managing Director	Chief Financial Officer
Employed since	2004	2016
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles	Finance and accounting at Linköping University, Sweden
Year of birth	1956	1979
Nationality	Sweden	Sweden
Experience	Several executive positions in different oil companies	Equity research analyst at SEB, Pareto Securities and Carnegie Investment Bank. Finance and Investor Relations at PA Resources
Shares in Tethys Oil (per 31 December 2022)*	1,555,427	8,275
Warrants in Tethys Oil (per 31 December 2022)	2020/23: 60,000 2021/24: 60,000 2022/25: 60,000	2020/23: 50,000 2021/24: 50,000 2022/25: 50,000

	Camilla Hansén	**Fredrik Robelius**
Function	Head of Legal	Chief Technical Officer
Employed since	2022	2011
Education/background	Master of Laws (LL.M.) and business administration Stockholm University, Sweden	Education: PhD Engineering Physics, Uppsala University; Postgraduate Diploma Petroleum Engineering, Heriot-Watt University
Year of birth	1976	1973
Nationality	Sweden	Sweden
Experience	Associate at Linklaters Advokatbyrå. Head of M&A Legal at Nordea Bank Abp	Energy engineering positions in Fortum, petroleum engineering related positions in Tanganyika Oil and Sinopec
Shares in Tethys Oil (per 31 December 2022)*	–	14,742
Warrants in Tethys Oil (per 31 December 2022)	–	2020/23: 50,000 2021/24: 50,000 2022/25: 50,000

* Privately, via company or insurance policy

Photo by Alex Berger

Payments to authorities 2022

This report has been prepared in accordance with the law SFS 2015:812 (Lag 2015:812 om rapportering av betalningar till myndigheter) regarding payments to authorities. The reported amounts refer to direct payments in excess of the threshold amount of SEK 860,000 as well as production sharing and income taxes for the fiscal year 2022 for the group in which Tethys Oil AB (publ) ("Tethys Oil") is the parent company.

Per project

Project	Production sharing		Income taxes	Licence costs	Total
	Barrels ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Oman					
Blocks 3&4	1,964	129,059	59,487	–	188,545
Block 49	–	–	–	250	250
Block 56	–	–	–	350	350
Block 58	–	–	–	350	350
Total Oman	1,964	129,059	59,487	950	189,495
Total Tethys Oil	**1,964**	**129,059**	**59,487**	**950**	**189,495**

Per Authority

	Production sharing		Income taxes	License costs	Total
	Barrels ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Sultanate of Oman – Ministry of Energy and Minerals	1,964	129,059	–	300	129,359
Sultanate of Oman – Ministry of Finance	–	–	59,487	650	60,137
Total Oman	1,964	129,059	59,487	950	189,495
Total Tethys Oil	**1,964**	**129,059**	**59,487**	**950**	**189,495**

Production sharing

The category includes non-cash taxes and compensation to receiving state/authority in barrels of oil from Tethys Oil's working interest share of production. The presented amounts are based on net entitlement and have been valued using the reported average price for the period.

Income Tax

Tethys Oil's oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement for each block ("EPSA") whereby Tethys Oil receives its share of oil after government take. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil, from the government share of oil. Currently, Blocks 3&4 is the only Omani EPSA in a tax paying position. As the final amount of income tax is determined after the end of the calendar year, Tethys Oil's preliminary assessment of the amount of Omani income tax paid on behalf of Tethys Oil in 2022 is MUSD 59.5 (MUSD 45.0). For more information, please see note 14.

Licence costs

This pertains to costs for maintaining the exploration licences for Block 49, Block 56 and Block 58 in Oman where payments were made to Oman's Ministry of Energy and Minerals and Oman's Ministry of Finance.

Administration report

The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil" or the "Group") as it is described in note 18, where Tethys Oil AB (publ) (the "Company") with company registration number 556615-8266 is the parent company, are hereby presented for the twelve-month period ended on 31 December 2022. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period.

THE GROUP'S OPERATIONS

Tethys Oil is an oil and gas exploration and production company with focus on onshore areas with known oil discoveries in the Sultanate of Oman. The Group is headquartered in Sweden and the Company's shares are listed on Nasdaq Stockholm (TETY) since 2012.

The Company is actively seeking to expand its operations in Oman, and the surrounding region. Tethys Oil's operational approach is to explore, appraise and develop its assets concurrently allowing for continued operations to be funded from cash flow from production. The business model has resulted in growth in both production and reserves as well as shareholder value over time.

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

1 Contingent final formal government approval
2 The one-year extension of the initial exploration phase was approved on 6 January 2023

OPERATIONAL REVIEW

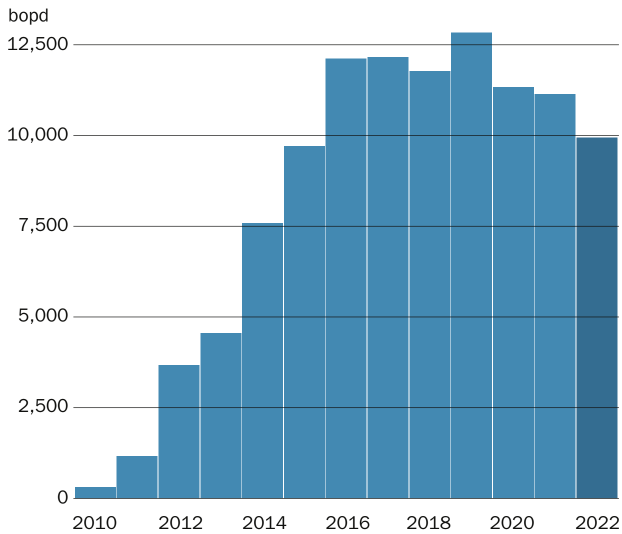
Production

The Group's reported production comes from Blocks 3&4 in Oman which averaged 9,940 barrels per day in 2022 compared to 11,136 barrels per day in 2021. The Group's reported production declined by 11 percent in 2022 compared to the year before and amounted to 3.6 million barrels (4.1 million barrels). The decline in production in 2022 is the result of a number of operational issues experienced during the year. The principal reasons for the weaker production development were related to constraints in the performance of processing facilities, particularly the facilities related to water handling, and flow lines. These constraints hindered newly drilled wells from effectively contributing to the overall production. In addition, performance of the Anan field and some newly drilled wells on Block 4 disappointed and thus contributed less than expected.

The main focus on Blocks 3&4 in 2022 was on a remedial actions programme to counter the various production related issues. The programme included the replacement of older flow lines, additional loop lines as well as water handling initiatives to increase the output from wells with high water cut. Amongst other things, an upgrade was made on the produced water re-injection system (PWRI) at the Saiwan central processing facility on Block 4. The upgrade process included new pumps and replacement of water pipes and was a key element in the debottlenecking of production on Block 4. It should enable greater production rates from existing high water cut wells and newly drilled wells going forward but resulted in a temporary production decline when ongoing as a number of wells were periodically shut in.

In 2021, only 14 new wells were drilled on Blocks 3&4, a number that increased to 36 in 2022. With the addition of a fourth drilling rig that began its operations in the third quarter, the rate of drilling activity continued to increase in the fourth quarter and will continue to do so in 2023 when a total of 47 new wells are planned for.

Average daily production net to Tethys Oil, yearly



Exploration and appraisal operations per Block

Blocks 3&4

As in 2021, two exploration wells were drilled in 2022 on Blocks 3&4, Hamdah-1 and Ahad-1, a number that is expected to increase to four in 2023.

Hamdah-1 was the first exploration well of the year and was drilled in the first quarter, and aimed at proving an extension of a Khufai play but did not encounter any oil. During the fourth quarter the second exploration well of 2022, Ahad-1, was drilled. Ahad-1, located some five kilometres southeast of the Shahd B field on Block 4, targeted the Barik and Lower Al Bashair formations but like Hamdah-1 earlier in the year it encountered no oil.

As a part of the continuation of the exploration programme an additional three exploration well were planned to be drilled in the first quarter 2023, Elaf-1, Rahbah-1 and Jari-1. Elaf-1, located some eight kilometres northwest of Ulfa-1, is targeting the Khufai and Buah formations while Rahbah-1 is located about seven kilometres southeast of the Ulfa field, where it will be targeting the Khufai, Buah and Barik formations. In the southern part of Block 4 Jari-1 will target a Cryogenian age formation near where the Luja-1 well was drilled and confirmed the presence of a working petroleum system in the area in 2019. A successful drilling result will likely upgrade several prospects in an area that hold significant volume potential.

The Blocks 3&4 partnership aims to cover 100 percent of the potentially prospective areas of the Blocks with 3D seismic before the end of 2024. During 2022 seismic acquisition was focused on the southern part of Block 4 where an area comprising 3,500 km² is being covered, which by 31 December 2022 was almost halfway complete.

Block 49

In the second quarter 2022, Tethys Oil was granted an extension of the initial exploration phase on Block 49 by 18 months, expiring in December 2023. Following the extension, the primary focus of the Block 49 work programme for 2022 was first to analyse and later begin preparations for the planned 2023 re-entry and re-testing of the Thameen-1 well drilled in 2021.

The logs from Thameen-1 indicated a more than 30-metre thick hydrocarbon bearing zone in the Hasirah sandstone formation. When tested, however, no flows of hydrocarbon to surface were achieved. Subsequent analysis of, among others, samples of the reservoir rock obtained from side wall cores suggest that the Hasirah reservoir rock is tight and virtually impermeable despite having good porosity. Further studies suggest that hydrocarbons could flow if the reservoir rock is artificially fractured. Plans are for the well to be re-entered and re-tested late in the second quarter 2023 and this time a hydraulic fracture operation will be carried out. Ongoing preparations focus on the hydraulic fracture design, procurement and site preparation. Successfully flowing hydrocarbons to surface through this operation would turn the inconclusive Thameen-1 well into a discovery and thus determine the Company's further course of action in relation to a second exploration phase.

Block 56

The focus on Block 56 for 2022 were divided between, primarily appraisal, activities in the Al Jumd area in the north-western part of the block and exploration activities in the central area further to the south.

In early 2022, Tethys Oil drilled the horizontal Al Jumd-2 with positive results and an initial flowrate of some 700 barrels of oil per day, confirming the Company's model of the discovery. Following the positive results, the discovery's appraisal programme was expanded by an additional two wells, Al Jumd-3 and -4, in the third quarter 2022. In total, Al Jumd-2, -3 and -4 are targeting the structure's north-western, north-eastern and southern areas respectively and cover a significant portion of the discovery.

In parallel with the drilling, preparations commenced for an extended well test ("EWT") with the primary purpose of establishing the resource volume and production capability of the Al Jumd discovery. The well test was initially planned to start in 2022 but was delayed due to the certification process and installation of the fiscal meter and its software taking more time than initially expected. The fiscal meter is necessary to be able to export the oil through the production facility Simsim on PDO's Block 6 to where it will be transported by truck from the Al Jumd-2 production facility. The final certification and installation of the fiscal meter was completed in in the first quarter of 2023, after which the test is expected to commence by the end of March.

In addition to the three wells on the Al Jumd discovery, two exploration wells were drilled on Block 56 in other parts of the Al Jumd area in the first quarter of 2022. The Sahab-1 exploration well did not flow any oil to surface during testing and has after additional analysis in the fourth quarter been deemed non-commercial and will not be subject to any further work. The Sarha-3 well testing operations started in the second quarter with the first and deepest of three layers, the Kareem sandstone, and had a flow of approximately 20 barrels of oil per day of 15 API, high viscosity oil. In order to continue the testing operation of the remaining two layers, the Khalata and Gharif sandstones, the sourcing of a workover rig is required and further testing has been put on hold as the activities of the EWT have taken priority.

The central area of the block is, based on legacy seismic data and results from previously drilled exploration wells, estimated to hold some 50 million barrels of unrisked resources. To further investigate the potential of the area, a seismic acquisition campaign of some 2,000 km² was completed in the first quarter of 2022 after which processing and, later on, interpretation of the 3D data commenced. The interpretation will establish more details on the prospective volumes of the area and is expected to be completed in the second quarter of 2023. From the interpreted data, a detailed prospect maturation process will take place from which several drillable prospects will be established ahead of a planned exploration well in the second half of 2023.

Block 58

In 2022, Tethys Oil conducted exploration activities on two different parts of the block, Fahd and South Lahan. In the Fahd area, located in the north-eastern corner of the block, prospect maturation was completed in the fourth quarter of 2022 and volumetrics were finalised. The process concluded with the identification of three prospects, holding a combined estimate of unrisked prospective resource potential of 184 mmbo with targets in the Buah, Khufai and Ara formations. Analysis of the finalised prospect inventory will continue in 2023 and based on the findings the location of the first exploration well on the block will be selected for a planned spud in the third quarter.

In South Lahan, the focus has been on the processing and interpretation of the 450 km² 3D seismic acquired in late 2021. The interpretation work in 2022 yielded encouraging results and drillable prospects are expected during the first half of 2023.

Reserves and contingent resources

Oman, Blocks 3&4

Tethys Oil's net working interest Reserves in Blocks 3&4 Oman as at 31 December 2022 amount to 23,901 thousand barrels of oil ("mbo") of Proven and Probable Reserves (2P). The 2P reserve Replacement Ratio amounts to 37 percent. In addition, Tethys Oil's net working interest resources in Oman amount to 14,623 mbo of 2C Contingent Resources. The Company's 2022 and 2021 year-end Reserves were evaluated by ERC Equipoise Limited ("ERCE") as independent qualified reserves evaluator.

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

Based on ERCE's model and current oil price assumptions, Tethys Oil's net entitlement Reserves (Reserves after government take) amount to 7,182 mbo of 1P, 10,446 mbo of 2P and 14,017 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 with a contribution from extensions in the Shahd fields. Development of the Contingent Resources in the discoveries is contingent upon the on-going appraisal programme, a committed work programme as well as budget to access these resources.

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).

Development of reserves, Blocks 3&4 (audited)

mbo	1P	2P	3P
Total 31 December 2021	16,645	26,174	38,449
Production 2022	-3,628	-3,628	-3,628
Additions and revisions	1,023	1,356	1,390
Total 31 December 2022	**14,040**	**23,901**	**36,211**
Reserve replacement ratio, %	28%	37%	38%

Contingent resources Blocks 3&4 (audited)

mbo	1C	2C	3C
Total 31 December 2022	**4,994**	**14,623**	**31,089**

Production and operating expenditure guidance 2023

Tethys Oil expects full year 2023 average production to be in the range of 9,000–10,000 barrels of oil per day. Under current circumstances, the OPEC+ production quotas are not expected to limit production output. Monthly fluctuations outside of the yearly average production range is to be expected. Operating expenditure is expected to be in the range of USD 14.5 (±1.0) per barrel.

FINANCIAL REVIEW

Production Entitlement

The terms of the Exploration and Production Sharing Agreement ("EPSA") for Blocks 3&4 allows the joint operations partners to recover their costs up to 40 percent of the value of total oil production on an annual basis, this is referred to as 'cost oil'. After deducting any allowance for cost oil, the remaining production is split 80/20 between the government ("government take") and the joint operations partners. If the costs incurred during the period exceeds the maximum 40 percent of production, it is carried forward to be recovered in future periods and is referred to as the 'Cost Pool'. If there are no costs to be recovered, the joint operations partners receive 20 percent of the oil produced. The terms of the EPSA thus dictates that the joint operations partners' share of production after government take to be in the range 20–52 percent, depending on available recoverable cost.

During 2022 all recoverable cost incurred was recovered from production and as per 31 December 2022 there was no unrecovered cost in the Blocks 3&4 cost pool (31 December 2021: MUSD –). Net entitlement share for 2022 was 46 percent (2021: 44 percent) of production. As per 31 December 2022 Tethys Oil's net share of the cost pool balance was MUSD – (MUSD –).

Revenue and sales

During 2022, Tethys Oil sold 1,585,534 barrels of oil from Blocks 3&4, representing a 12 percent decrease compared to 2021 when 1,808,857 barrels of oil were sold. The decrease in oil sold is a result of the lower production in addition to the overlift position of 2021 shifting to an underlift position at the end of 2022.

Revenue from oil sales in 2022 was MUSD 149.4 (2021: MUSD 113.5), a 32 percent increase compared to 2021. The increase in revenue was driven by a 50 percent increase in Achieved oil price, offsetting the lower sales volumes. Achieved oil price was USD 94.2 per barrel (2021 USD 62.8).

The shift to an underlift position of 66,961 barrels from an overlift position of 11,886 at the end of 2021, and an increased oil price resulted an adjustment of MUSD 7.1 (MUSD -0.8). The underlift (overlift) adjustment together with revenue adds up to Revenue and other income of MUSD 156.5, a 39 percent increase in 2022 compared to MUSD 112.7 in 2021.

Revenue and other income

	2022	2021	2020	2019	2018
Oil sold, bbl	1,585,534	1,808,857	2,317,875	2,259,849	2,163,148
Underlift (overlift) movement, bbl	78,829	-8,717	-160,490	123,238	70,174
Net barrels produced, after government take, bbl	**1,664,363**	**1,800,140**	**2,157,385**	**2,383,086**	**2,233,322**
Achieved oil price, USD/bbl	94,2	62.8	47.7	64.2	70.5
Revenue, MUSD	149.4	113.5	110.7	145.0	152.6
Underlift (overlift) adjustments, MUSD	7.1	-0.8	-9.6	5.8	4.7
Revenue and other income, MUSD	**156.5**	112.7	101.1	150.8	157.3

Volumes for oil sales are nominated two to three months in advance and are not based upon the actual production in a month; as a result, sales volumes can be above or below production volumes. Where the sales volume exceeds the quantity of barrels produced, an overlift position occurs and where it is less, an underlift position occurs. During the year, the group shifted its overlift position of 11,886 barrels at the end of 2021 to an underlift position of 66,961 barrels at the 31 December 2022. The valuation of both over- and underlift is based on market price at the balance sheet date.

Tethys Oil sells all of its oil through Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales originate from Blocks 3&4 and are made on a monthly basis. Tethys Oil's selling price is based on the Official Selling Price (OSP) as set by the Sultanate of Oman's Ministry of Oil and Gas, in addition to trading and quality adjustments. The OSP is calculated using the monthly average price of the front month future contract of Oman Export blend (with 2 months to delivery) as traded on the Dubai Mercantile Exchange.

Operating expenses

	2022	2021	2020	2019	2018
Production costs, MUSD	33.5	31.0	29.6	37.1	32.8
Well workovers, MUSD	5.0	2.9	3.1	4.1	2.8
Operator G&A and overhead expenses	11.6	9.9	10.7	10.4	10.3
Total operating expenses, MUSD	**50.1**	**43.8**	**43.4**	**51.6**	**45.9**
Operating expenses per barrel, USD	13.8	10.8	10.5	11.0	10.7

Production costs relate to oil production on Blocks 3&4, and comprise of expenses for throughput fees, energy, consumables, field staff, and maintenance. Well workovers and interventions relate to downhole work including replacing of electric submersible pumps. Operator G&A and overhead expenses relate to administration as well as operator overhead.

Production costs, well workovers and operator G&A together comprise operating expenses, amounting to MUSD 50.1 in 2022 (MUSD 43.8), an increase of 14 percent compared to 2021. The increase is mainly due to more expensive well workovers driven by low rig availability and higher production costs mainly caused by the increase in fuel prices.

Depletion, depreciation and amortisation

	2022	2021	2020	2019	2018
DD&A, MUSD	40.5	41.2	44.5	47.6	45.9
DD&A per barrel, USD	11.2	10.1	10.7	10.2	10.7

Depletion, depreciation and amortisation ("DD&A") is comprised of two components; a straight-line depreciation component and an unit of production component. DD&A in 2022 amounted to MUSD 40.5 (MUSD 41.2). The lower DD&A is a result of lower production. The DD&A charge relates to Blocks 3&4 and a depreciation relating to lease under IFRS 16 of MUSD 0.3.

Netback

USD/bbl	2022	2021	2020	2019	2018
Netback Blocks 3&4					
Value of oil produced (Average OSP)	95.3	64.1	47.2	63.6	69.8
Government take	-51.6	-35.7	-22.7	-31.3	-33.5
Entitlement value (after government take)	43.7	28.4	24.6	32.4	36.3
Operating expenses	-13.8	-10.8	-10.5	-11.0	-10.7
Netback	29.9	17.6	14.1	21.4	25.6
Capex	-17.5	-7.5	-9.4	-11.5	-11.7
Netback (Net of Capex)	12.4	10.1	4.7	9.8	13.9

The increase in Netback is a result of the increased oil price and higher entitlement. The increase in Netback (net of Capex) is only a result of the higher oil price as the higher entitlement covered the increased capital expenditure.

Exploration Costs

Exploration costs recorded in 2022 was MUSD 4.5 (2021: MUSD 4.1) and are mainly related to the write down of three dry exploration wells on Block 3&4, Mubash'er, Ahad-1 and Hamdah-1, as well as the Sahab-1 well on Block 56. Exploration and appraisal expenditures are capitalised as they incur and subject to regular review. Dry or uneconomic wells are expensed when the recoverability of the costs is deemed unlikely.

Administrative expenses

Administrative expenses amounted to MUSD 7.3 for 2022 compared to MUSD 7.5 during 2021. Administrative expenses are mainly salaries, rents, listing costs and external services.

Net financial result

The net financial result for 2022 of MUSD 4.7 (MUSD 0.6) has been impacted by net gain due to changes in foreign exchange rates resulting from the depreciation of SEK against USD. Currency translation differences recorded on loans between the parent company and subsidiaries are non-cash related items.

Tax

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

Currently Blocks 3&4 is the only Omani EPSA in a tax paying position. As the final amount of income tax is determined after the end of the calendar year, Tethys Oil's preliminary assessment of the amount of Omani income tax paid on behalf of Tethys Oil in 2022 is MUSD 59.5 (2021: MUSD 45.0). Income tax of MUSD 0.6 related to Tethys Oil's income in Gibraltar was recorded in the income statement in the fourth quarter. Note 14 presents more information on the treatment of Tethys Oil's income tax.

Result

Tethys Oil reports a net result after tax for 2022 of MUSD 58.3 (MUSD 16.7), representing earnings per share of USD 1.79 (USD 0.51). The result for 2022 increased compared to 2021 due to higher oil prices.

Liquidity and financing

Cash and bank as per 31 December 2022 amounted to MUSD 41.5 compared to MUSD 68.6 as per 31 December 2021.

In May 2022, a dividend of SEK 2.00 per share was paid to shareholders, which in total amounted to MUSD 6.6. Furthermore, an extra ordinary distribution of 5.00 SEK per share, MUSD 16.2 was distributed to shareholders through a mandatory share redemption programme.

For the twelve months ended 31 December 2022, the cash flow from operations amounted to MUSD 87.0 (MUSD 64.9). Cash flows from investments in oil and gas amounted to MUSD 89.1 (MUSD 35.2). For the twelve months of 2022, free cash flow (cash flow from operations less investments) amounted to MUSD -2.3 (MUSD 29.7).

Tethys Oil's ongoing operations on Blocks 3&4, Block 49, Block 56, and Block 58 in Oman, including investment programme, and elsewhere are expected to be funded from cash flow from operations and from available funds.

Investments and work programme

During 2022, total investments in oil and gas properties amounted to MUSD 89.1 compared to MUSD 35.2 in 2021. In 2022, investments of MUSD 63.4 related to Blocks 3&4, MUSD 0.4 to Block 49, MUSD 23.9 to Block 56 and MUSD 1.4 to Block 58. The increased investment in Blocks 3&4 was mainly the result of a more extensive drilling programme for Appraisal and Development wells. In addition, all plant expansion projects were greatly increased. The increased spend on Block 56 is the result of 5 wells being drilled.

Country/ Asset, MUSD	Book value 31 Dec 2022	Investments Jan–Dec 2022	Book value 31 Dec 2021	Investments Jan–Dec 2021
Oman Blocks 3&4	198.5	63.4	180.9	30.4
Oman Block 49	0.6	0.4	0.4	-7.9
Oman Block 56	38.9	23.9	16.7	7.9
Oman Block 58	8.0	1.4	6.6	4.8
New ventures	0.1	–	0.3	–
Total	**246.1**	**89.1**	**204.9**	**35.2**

Investments Blocks 3&4, MUSD	2022	2021	2020	2019	2018
Drilling	30.1	17.6	19.4	25.0	25.5
G&G	13.4	4.1	9.2	10.1	11.2
Facilities	19.9	8.7	10.2	18.9	13.7
Total investments Blocks 3&4	**63.4**	**30.4**	**38.8**	**54.0**	**50.4**

Investments and work programme 2023

Tethys Oil's investments in oil and gas properties for 2023 is expected to amount to MUSD 85–95.

The increase in oil and gas investments compared to 2022 (MUSD: 89) is a result of a combination of deferred spending from 2022 as well as an increased work programmes in Block 3&4. The majority of oil and gas investments relating to the Blocks operated by Tethys Oil are expected to be incurred in the second half of 2023 with resulting cash flow impact.

Investments on Blocks 3&4 are expected to be MUSD 65–75 (2022: MUSD 63.4). The increased expenditure is due to more wells, mainly development wells being drilled in addition to wells carrying over from prior years.

2023 spending on Block 49 is expected to be MUSD 1.5 (2022: MUSD 0.4) with expenditure focusing on a re-entry and retesting of the Thameen-1 well including hydraulic fracking.

On Block 56, Tethys Oil's 2023 investments, including carry arrangements, is expected to amount to a total of MUSD 8.0 (2022: MUSD 23.8). The expenditure includes one exploration well in Central area as well as extended well testing of three wells in the Al Jumd area.

On Block 58 Tethys Oil's 2023 investments are expected to amount to MUSD 10.5 (2021: MUSD 1.4) to cover the expense related the drilling of one exploration well in the Fahd area.

Parent company

The parent company reports a net result after tax for 2022 amounting to MSEK 294.2 compared to MSEK 360.9 for 2021. Administrative expenses amounted to MSEK 49.7 for 2022 compared to MSEK 40.2 for 2021. Net financial result amounted to MSEK 327.9 during 2022 compared to MSEK 386.5 for 2021. Dividends from subsidiaries amounting to MSEK 250.5 and currency exchange differences related to intercompany loans were the components of the net financial result.

OTHER INFORMATION

Significant agreements and commitments

In Tethys Oil's oil and gas operations, there are two main categories of agreements: one that governs the relationship with the host country, and one that governs the relationship with partners.

The agreements that govern the relationship with host countries can take different forms depending on the licensing and fiscal regime of the country. In the case of Tethys Oil and Oman the relationship is governed by Exploration and Production Sharing Agreements (EPSA or PSA). Tethys Oil holds its interests directly through aforementioned agreements in Oman. The agreements with host countries have a time limit and are normally divided into clearly defined time periods. Financial commitments and/or work commitments normally relate to the different periods. Tethys Oil has fulfilled its commitments on Blocks 3&4 and Block 49. On Block 58, the initial work commitments during the first period includes geological studies, seismic acquisition and processing and exploratory drilling. On Block 56, the second exploration period includes a 3D seismic commitment and the drilling of one exploration well.

The agreements that govern the relationship with partners are referred to as Joint Operating Agreements (JOA). In all areas of operation where Tethys Oil has partners, JOAs are in effect.

Other than the aforementioned agreements, there are no individual agreements or similar circumstances relating to the business which are of crucial significance for the group's operations or profitability.

Board of Directors

At the AGM of shareholders on 18 May 2022 Robert Anderson, Alexandra Herger, Magnus Nordin, Per Seime and Klas Brand were re-elected. No deputy directors were appointed. At the same meeting, Per Seime was appointed Chairman of the Board. The work of the board is subject to an established work procedure that defines the distribution of work between the board and the Managing Director. The work procedure is evaluated each year and revised if deemed appropriate. The board held 14 meetings during 2022. The five members of the board have consisted of four non-executive directors and the managing director. The board has three committees – Audit Committee, Remuneration Committee and Technical Committee. Klas Brand is Chairman of the audit committee, Per Seime is Chairman of the remuneration committee and Rob Anderson is Chairman of the technical committee.

Organisation

At the end of the year, Tethys Oil had the equivalent of 29 full time employees (26). Of these, 11 (10) were women. In addition, Tethys Oil has a number of contractors and consultants engaged in the group's operations.

Remuneration policy 2022

The previous guidelines were approved by the Annual General Meeting 2020. The changes made are primarily linguistic and to simplify the guidelines. In addition, changes have been made in respect of severance pay in the context of a change of control of the Company.

The Company has not received any comments on the guidelines from shareholders.

These guidelines do not apply to any remuneration resolved upon or approved by the General Meeting and are only applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of these guidelines by the Annual General Meeting 2022.

Application of guidelines

These guidelines apply to remuneration to the Group Executive Management and to members of the Board of Directors if remuneration is paid for work performed outside the scope of the ordinary board work (e.g. pursuant to an employment or consultancy agreement). As of the date of these guidelines, the Company's Group Executive Management are the Managing Director, the CFO and the CTO.

These guidelines constitute a framework within which remuneration to the Group Executive Management may be decided on by the Board of Directors.

General remuneration principles

In short, the group's business strategy is to create shareholder value working across the whole upstream oil and gas industry lifecycle of exploration, appraisal, development and production. A central objective in the group's business model is to explore for and produce oil and gas in an economically, socially, and environmentally responsible way. For more information regarding the group's strategic priorities, please refer to the group's annual reports and the Company's website: (www.tethysoil.com).

The Company's remuneration principles are to ensure responsible and sustainable remuneration decisions that support the Company's strategy, long-term interests and sustainable business practices and further enhance the group's market position as well as increase the shareholder value. To this end, salaries and other employment terms shall enable the group to retain and recruit skilled senior executives at a reasonable cost. The remuneration shall be on market terms and based on the principles of performance, competitiveness and fairness.

When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the Remuneration Committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time.

In order to comply with mandatory rules or established local practice, remuneration which is subject to rules outside Sweden may be adjusted to comply with such local rules, taking into account, to the extent possible, the overall purpose of these guidelines.

Elements of remuneration

The remuneration covered by these guidelines may consist of basic salary, variable cash salary, pension, non-financial benefits and severance pay. In addition hereto, the General Meeting may decide on, inter alia, long-term incentive programs in which the Group Executive Management can participate.

Principles for basic salary

The basic salary shall be in line with market conditions, be competitive, and shall take into account the scope and responsibility associated with the position, as well as the skills, experience and performance of each member of the Group Executive Management.

On the assumption of payment of full variable cash salary, pension benefits and other benefits, the basic salary is expected to amount to no more than 45 per cent of the total remuneration. If there is no variable cash salary, pension benefits or other benefits, the basic salary will constitute the entire remuneration.

Principles for variable cash salary

Variable cash salary, i.e. cash bonuses, shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's strategy, long-term interests and sustainable business practices. Such performance criteria include (but are not limited to) HSE, production, reserves replacement, business development and financial performance as well as individual performance.

To which extent the criteria for awarding variable cash salary have been satisfied shall be determined annually in connection with the publication of the year-end report for the respective financial year based on an evaluation of the executive's achievement of the performance indicators as described in the agreed individual performance targets.

Payment of variable cash salary shall be conditional upon the Group Executive Management member remaining employed for the duration of the qualification period.

Variable cash remuneration shall qualify for pension benefits only to the extent it is required pursuant to mandatory provisions of applicable collective bargaining agreements.

The annual variable cash salary may not amount to more than twelve months' basic salary and is therefore expected to amount to no more than 50 per cent of the total remuneration.

Principles for pension benefits

Pension benefits shall comprise a defined contribution scheme with premiums calculated on the full basic salary and be set on an individual basis, however, provided that mandatory provisions of applicable collective bargaining agreements do not require otherwise.

Pension benefits may not amount to more than 30 per cent of the basic salary and is therefore expected to amount to no more than 25 per cent of total remuneration.

Principles for non-financial benefits

Non-financial benefits shall be based on market terms and shall facilitate the duties of the Group Executive Management. Non-financial benefits may include, inter alia, life insurance, medical insurance etc.

Premiums and other costs relating to non-financial benefits may not amount to more than five per cent of the basic salary and is therefore expected to amount to no more than five per cent of the total remuneration.

Remuneration during notice period and severance pay

The notice period for termination of the Managing Director shall not exceed twelve months and the notice period for termination of other members of the Group Executive Management shall not exceed nine months.

A mutual termination period of twelve months applies between the Company and the Managing Director and of up to nine months between the Company and other members of the Group Executive Management.

Severance pay to the Managing Director and other members of the Group Executive Management shall not exceed twelve months' gross basic salary, provided that the employment is terminated by the Company. In the event a member of the Group Executive Management terminates his or her employment, no severance shall be payable.

Notwithstanding the above, in the event of a change of control of the Company, the Managing Director or other members of the Group Executive Management may receive severance pay in excess of twelve months' basic salary and may receive severance pay even if notice is given by the executive, provided that the sum of salary paid during the notice period and the severance pay may not exceed the equivalent of 24 months' gross basic salary.

For the purposes of these guidelines, a change of control shall mean any event whereby a single party (or a group of parties acting in concert), directly or indirectly, controls in excess of 51 per cent of the shares or votes in the Company (e.g., due to a public tender offer).

Principles for certain remuneration to members of the Board of Directors

To the extent members of the Board of Directors perform work for the Company outside the scope of the ordinary board work, consultancy fees on market terms may be paid in addition to any board fees resolved upon by the General Meeting. The Nomination Committee is tasked with proposing a framework, if any, for such remuneration, to be approved by the Annual General Meeting.

Long-term incentive programs

Any remuneration resolved upon by the General Meeting is not covered by these guidelines. Accordingly, these guidelines do not apply to the Company's long-term incentive programs resolved upon by the General Meeting.

The Company's existing long-term incentive programs are directed to certain key employees of the group and designed to create conditions for retaining and recruiting competent and committed personnel to the group. More information on the Company's existing and proposed incentive programs from time to time is available on the Company's website: (www.tethysoil.com).

In connection with incentive programs resolved on by the General Meeting, the Company may make such cash payments to the participants which are compatible with the decisions to implement or settle such incentive programs (e.g., by making cash payments to participants who, pursuant to the terms of the programs, are to receive incentive instruments (e.g., warrants) free of charge or be compensated for tax effects). Such payments shall not be considered part of the basic or variable cash salary as they are an integral part of the incentive programs.

Preparation and review of the compliance of these guidelines

The Board of Directors has established a Remuneration Committee to deal with matters of executive compensation and wider group remuneration. These guidelines have been prepared by the Remuneration Committee of the Board of Directors and the Board of Directors. The Remuneration Committee is responsible for preparation of updated proposals in respect of guidelines for executive remuneration. A proposal for amended guidelines is to be prepared by the Remuneration Committee and the Board of Directors when the need for material amendments arises, but at least every four years.

Within the scope and on the basis of these guidelines, the Board of Directors shall, based on the Remuneration Committee's preparation and recommendations, annually decide on the specific revised remuneration terms for each member of the group Executive Management and make such other decisions in respect of remuneration for member of the Group Executive Management that may be required.

The members of the Remuneration Committee are independent in relation to the Company and the Group Executive Management. The Managing Director and the other members of the Group Executive Management do not participate in the Board of Directors' handling of, or resolutions regarding, remuneration-related matters if they are affected by such matters.

Derogations from these guidelines

The Board of Directors is entitled to adjust the compensation in the case of, for example, extraordinary increases or decreases in the group's earnings. The Board of Directors may also temporarily resolve to derogate from these guidelines, in whole or in part, if in a specific case there is special cause for such derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

Remuneration policy – proposal 2023

The Board of Directors of Tethys Oil AB (publ) (the "Company") proposes that the Company shall apply the following guidelines for executive remuneration agreed after the Annual General Meeting 2023.

Background

The previous guidelines were approved by the Annual General Meeting 2022. The changes made are primarily linguistic and related to the variable remuneration and the performance criteria. The Company has not received any comments on the guidelines from shareholders.

These guidelines do not apply to any remuneration resolved upon or approved by the General Meeting and are only applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of these guidelines by the Annual General Meeting 2023.

Application of guidelines

These guidelines apply to remuneration to the Group Executive Management and to members of the Board of Directors if remuneration is paid for work performed outside the scope of the ordinary board work (e.g. pursuant to an employment or consultancy agreement). As of the date of these guidelines, the Company's Group Executive Management are the Managing Director, the CFO, the CTO and the Head of Legal.

These guidelines constitute a framework within which remuneration to the Group Executive Management may be decided on by the Board of Directors.

General remuneration principles

In short, the group's business strategy is to create shareholder value working across the whole upstream oil and gas industry lifecycle of exploration, appraisal, development and production. A central objective in the group's business model is to explore for and produce oil and gas in an economically, socially, and environmentally responsible way. For more information regarding the group's strategic priorities, please refer to the group's annual reports and the Company's website: (www.tethysoil.com).

The Company's remuneration principles are to ensure responsible and sustainable remuneration decisions that support the Company's strategy, long-term interests and sustainable business practices and further enhance the group's market position as well as increase the shareholder value. To this end, salaries and other employment terms shall enable the group to retain and recruit skilled group executives at a reasonable cost. The remuneration shall be on market terms and based on the principles of performance, competitiveness and fairness.

When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the Remuneration Committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time.

In order to comply with mandatory rules or established local practice, remuneration which is subject to rules outside Sweden may be adjusted to comply with such local rules, taking into account, to the extent possible, the overall purpose of these guidelines.

Elements of remuneration

The remuneration covered by these guidelines may consist of basic salary, variable cash salary, pension, non-financial benefits and severance pay. In addition hereto, the General Meeting may decide on, inter alia, long-term incentive programs in which the Group Executive Management can participate.

Principles for fixed salary

The fixed salary shall be in line with market conditions, be competitive, and shall take into account the scope and responsibility associated with the position, as well as the skills, experience and performance of each member of the Group Executive Management.

On the assumption of payment of full variable salary, pension benefits and other benefits, the fixed salary is expected to amount to no more than 45 per cent of the total remuneration. If there is no variable salary, pension benefits or other benefits, the fixed salary will constitute the entire remuneration.

Principles for variable salary

Variable salary, i.e. cash bonuses, shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's strategy, long-term interests and sustainable business practices. Such performance criteria include (but are not limited to) HSE, ESG, reserves & resources and financial return as well as individual performance.

To which extent the criteria for awarding variable cash salary have been satisfied shall be determined annually in connection with the publication of the year-end report for the respective financial year based on an evaluation of the executive's achievement of the performance indicators as described in the agreed individual performance targets.

Payment of variable salary shall be conditional upon the Group Executive Management member remaining employed for the duration of the qualification period.

Variable cash remuneration shall qualify for pension benefits only to the extent it is required pursuant to mandatory provisions of applicable collective bargaining agreements.

The annual variable cash salary may not amount to more than twelve months' fixed salary and is therefore expected to amount to no more than 50 per cent of the total remuneration.

Principles for pension benefits

Pension benefits shall comprise a defined contribution scheme with premiums calculated on the full basic salary and be set on an individual basis, however, provided that mandatory provisions of applicable collective bargaining agreements do not require otherwise.

Pension benefits may not amount to more than 30 per cent of the basic salary and is therefore expected to amount to no more than 25 per cent of total remuneration.

Principles for non-financial benefits

Non-financial benefits shall be based on market terms and shall facilitate the duties of the Group Executive Management. Non-financial benefits may include, inter alia, life insurance, medical insurance etc.

Premiums and other costs relating to non-financial benefits may not amount to more than five per cent of the basic salary and is therefore expected to amount to no more than five per cent of the total remuneration.

Remuneration during notice period and severance pay

The notice period for termination of the Managing Director shall not exceed twelve months and the notice period for termination of other members of the Group Executive Management shall not exceed nine months.

A mutual termination period of twelve months applies between the Company and the Managing Director and of up to nine months between the Company and other members of the Group Executive Management.

Severance pay to the Managing Director and other members of the Group Executive Management shall not exceed twelve months' gross basic salary, provided that the employment is terminated by the Company. In the event a member of the Group Executive Management terminates his or her employment, no severance shall be payable.

Notwithstanding the above, in the event of a change of control of the Company, the Managing Director or other members of the Group Executive Management may receive severance pay in excess of twelve months' basic salary and may receive severance pay even if notice is given by the executive, provided that the sum of salary paid during the notice period and the severance pay may not exceed the equivalent of 24 months' gross basic salary.

For the purposes of these guidelines, a change of control shall mean any event whereby a single party (or a group of parties acting in concert), directly or indirectly, controls in excess of 51 per cent of the shares or votes in the Company (e.g., due to a public tender offer).

Principles for certain remuneration to members of the Board of Directors

To the extent members of the Board of Directors perform work for the Company outside the scope of the ordinary board work, consultancy fees on market terms may be paid in addition to any board fees resolved upon by the General Meeting. The Nomination Committee is tasked with proposing a framework, if any, for such remuneration, to be approved by the Annual General Meeting.

Long-term incentive programs

Any remuneration resolved upon by the General Meeting is not covered by these guidelines. Accordingly, these guidelines do not apply to the Company's long-term incentive programs resolved upon by the General Meeting.

The Company's existing long-term incentive programs are directed to certain key employees of the group and designed to create conditions for retaining and recruiting competent and committed personnel to the group. More information on the Company's existing and proposed incentive programs from time to time is available on the Company's website: (www.tethysoil.com).

In connection with incentive programs resolved on by the General Meeting, the Company may make such cash payments to the participants which are compatible with the decisions to implement or settle such incentive programs (e.g., by making cash payments to participants who, pursuant to the terms of the programs, are to receive incentive instruments (e.g., warrants) free of charge or be compensated for tax effects). Such payments shall not be considered part of the basic or variable cash salary as they are an integral part of the incentive programs.

Preparation and review of the compliance of these guidelines

The Board of Directors has established a Remuneration Committee to deal with matters of executive compensation and wider group remuneration. These guidelines have been prepared by the Remuneration Committee of the Board of Directors and the Board of Directors. The Remuneration Committee is responsible for preparation of updated proposals in respect of guidelines for executive remuneration. A proposal for amended guidelines is to be prepared by the Remuneration Committee and the Board of Directors when the need for material amendments arises, but at least every four years.

Within the scope and on the basis of these guidelines, the Board of Directors shall, based on the Remuneration Committee's preparation and recommendations, annually decide on the specific revised remuneration terms for each member of the Group Executive Management and make such other decisions in respect of remuneration for member of the Group Executive Management that may be required.

The members of the Remuneration Committee are independent in relation to the Company and the Group Executive Management. The Managing Director and the other members of the Group Executive Management do not participate in the Board of Directors' handling of, or resolutions regarding, remuneration-related matters if they are affected by such matters.

Derogations from these guidelines

The Board of Directors is entitled to adjust the compensation in the case of, for example, extraordinary increases or decreases in the group's earnings. The Board of Directors may also temporarily resolve to derogate from these guidelines, in whole or in part, if in a specific case there is special cause for such derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

Group structure

Tethys Oil AB (publ), with organizational number 556615-8266, is the parent company in the Tethys Oil Group. Material subsidiaries include Tethys Oil Block 3&4 Limited, Tethys Oil Montasar Limited, Tethys Oil Qatbeet Limited and Tethys Oil Oman Onshore Limited. The Tethys Oil Group was established on 1 October 2003. The Group has branch offices in Muscat, Oman and Dubai, the United Arab Emirates.

Associated companies

Tethys Oil's interest in the production licence Garzdai is held indirectly through a Danish limited liability company which holds shares in the Lithuanian operating company which holds 100 percent of the licence. Consequently, Tethys Oil has an effective 25% interest in the Gargzdai licence. The holding in Gargzdai is consolidated through the equity method in Tethys Oil's financial statements and is presented in the balance sheet under "Investments in associates" and in the income statement as "Share of net result from associates".

As at 31 December 2022, the value of the shareholding in the associated Danish company Odin Energy A/S which has the holding in the Lithuanian Gargzdai licences, amounted to MUSD 0.0 compared to MUSD 0.0 at the end of 2021. As such, the holding is not presented in the balance sheet. During the third quarter 2022 Tethys Oil received dividend of MUSD 0.1 from the Odin Energy A/S (2021: MUSD: 0.0). The book value related to Minijos Nafta (Gargzdai) is zero and there are no formal or informal obligations related to Minijos Nafta. Tethys Oil does not recognize, any net result from Minijos Nafta.

Share data

As at 31 December 2022, the number of issued shares in Tethys Oil AB amount to 33,056,608 with a quota value of SEK 0.18. All shares represent one vote each.

As at 31 December 2022, Tethys Oil held 738,351 of its own shares which were purchased since the restart of the share repurchase programme in the third quarter 2022. The main purpose of the share repurchase programme is to give the Company flexibility regarding its equity and thereby optimize the capital structure of the Company. Repurchased shares may also be used as payment for, or financing of, acquisitions of companies or businesses or in connection with handling of incentive programs. A total of 263,678 shares were purchased by the Company in 2022. The repurchased shares are still included in the total number of shares but are not included in the average number of shares outstanding. The weighted average number of shares outstanding during 2022 before dilution is 32,435,616 and after dilution 32,531,314. After 31 December 2022 and up to and including 31 March 2023, Tethys Oil has acquired a further 367,755 shares. A weekly updated list of Tethys Oil's repurchases is available on the Company's website.

Tethys Oil has a warrant-based incentive programme for employees which may increase the number of shares depending on the share price during the exercise periods, for further information please see note 19. More information on Tethys Oil's share can be found on page 26-28 in the Annual Report.

Seasonal effects

Tethys Oil has no significant seasonal variations.

Transactions with related parties

See note 20.

Risk and uncertainties

A statement of risks and uncertainties are presented in note 1 on page 63.

Appropriation of profit

The Board of Directors proposes a dividend of SEK 2.00 per share (AGM 2022: SEK 2.00) equal to MSEK 64.6 (MSEK 65.2) to be distributed in November. The Board of Directors proposes an extraordinary distribution of SEK 3.00 per share (AGM 2022: SEK 5.00) by way of a mandatory share redemption programme following the AGM 2023 equal to MSEK 97.0 (MSEK 162.9).

It is also proposed that the balance of retained earnings after the dividend be retained in the business as described below.

MSEK	2022	2021
Retained earnings	148.2	25.3
Profit for the year	294.2	360.9
	442.4	**386.2**
The Board of Directors proposes that these earnings be appropriated as follows:		
To the shareholders, a distribution of SEK 2.00 per share (AGM 2022: SEK 2.00)	64.6	65.2
To the shareholders, an extraordinary distribution of SEK 3.00 per share (AGM 2022: SEK 5.00)	97.0	162.9
To be retained in the business	280.8	158.1
	442.4	**386.2**

Dividend and Distribution

The Board of Directors has proposed a cash dividend of SEK 2.00 per share amounting to SEK 64,636,514 at the current number of shares outstanding (net of treasury shares) and an extraordinary distribution of SEK 3.00 per share amounting to SEK 96,954,771. The dividend and extraordinary distribution are subject to approval at the AGM 2023. This is a total distribution of SEK 161,591,285.

The parent company has distributable earnings (unrestricted equity) of MSEK 442.4 at 31 December 2022. After the dividend and cash distribution of MSEK 161.6. the parent company will have retained earnings of MSEK 280.8.

As per 31 December 2022, the Group's and the parent company's equity ratio amounted to 90 percent and 54 percent, respectively. After the dividend and distribution, the Group's and the parent company's equity ratio will amount to 90 percent and 45 percent, respectively.

Tethys Oil has generated significant cash flows in recent years and the Group's financial position is strong. The board has considered the parent company and the consolidated Group's needs through a comprehensive evaluation of the parent company's and the Group's financial position and the parent company's and the Group's possibilities to fulfil their commitments in the long term.

The board of directors has concluded that despite uncertainties in the company's operating environment, the parent company's and the Group's financial position gives rise to the conclusion than that the parent company and the Group can continue its operations and meet its obligations in the short and long term and continue to make investments. The board believes that the size of the equity, even after the proposed dividend, is in reasonable proportion to the scale of the parent company's and the Group's business as well as the risks associated with conducting the business.

With reference to the above, and what has come to the board's attention, it is the board's assessment that the parent company's and the Group's financial position implies that the proposed dividend is justifiable pursuant to Chapter 17, Section 3 second and third paragraph of the Swedish Companies Act, i.e. with reference to the requirements that the nature, scope and risks of business put on the size of the parent company's and the Group's equity as well as the parent company's and the Group's need to strengthen its balance sheet, liquidity and financial position.

Sustainability report

In accordance with the Swedish Annual Accounts Act (ÅRL chapter 6, §11) Tethys Oil has opted to issue the sustainability report as a document separate from the annual report. The sustainability report is available on the corporate website, www.tethysoil.com.

Financial statements

The result of the Group's and parent company's operations and the financial position at the end of the financial year is shown in the following income statements, balance sheets, cash flow statements, statements of changes in equity and related notes. Balance sheets and income statements will be resolved at the AGM, 10 May 2023.

Consolidated statement of comprehensive income

1 January – 31 December, MUSD	Note	2022	2021
Revenue	4	149.4	113.5
Underlift / overlift adjustment	4	7.1	-0.8
Revenue and other income	3	**156.5**	**112.7**
Operating expenses	8	-50.1	-43.8
Gross profit		**106.4**	**68.9**
Depletion, depreciation and amortisation	3,7	-40.5	-41.2
Exploration costs	7	-4.5	-4.1
Administrative expenses	9–11, 19	-7.3	-7.5
Share of net result from associates		0.1	–
Operating result		**54.2**	**16.1**
Financial income and similar items	12	23.5	15.2
Financial expenses and similar items	13	-18.8	-14.6
Net financial result		**4.7**	**0.6**
Result before tax		**58.9**	**16.7**
Income tax	14	-0.6	–
Net Result		**58.3**	**16.7**
Other comprehensive result			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences		-5.9	-1.5
Other comprehensive result		**-5.9**	**-1.5**
Total comprehensive result		**52.4**	**15.2**
Attributable to:			
Shareholders in the parent company		52.4	15.2
Non-controlling interest		–	–
Total number of shares at the end of the period	16	33,056,608	33,056,608
Weighted average number of shares (before dilution)	16	32,543,670	32,619,054
Weighted average number of shares (after dilution)	16	32,664,523	32,660,948
Earnings per share (before dilution), USD	16	1.79	0.51
Earnings per share (after dilution), USD	16	1.78	0.51

Consolidated balance sheet

31 December, MUSD	Note	2022	2021
ASSETS			
Non-current assets			
Oil and gas properties	7	246.1	204.9
Other fixed assets		0.8	1.1
		246.9	**206.0**
Current assets			
Trade and other receivables	15	26.9	9.2
Prepaid expenses		0.7	0.7
Cash and cash equivalents		41.5	68.6
		69.1	**78.5**
TOTAL ASSETS		**316.0**	**284.5**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		-5.6	0.3
Retained earnings		213.7	179.2
Total shareholders' equity		**285.2**	**256.6**
Non-current liabilities			
Non-current provisions	6	10.8	12.8
Other non-current liabilities		0.4	0.8
		11.2	**13.6**
Current liabilities			
Current provisions	6	–	0.2
Accounts payable and other current liabilities	17	19.6	14.1
		19.6	**14.3**
Total liabilities		**30.8**	**27.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**316.0**	**284.5**

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company				
MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
Opening balance 1 January 2021	**0.8**	**76.3**	**1.8**	**178.8**	**257.7**
Net result 2021	–	–	–	16.7	16.7
Other comprehensive income 2021	–	–	-1.5	–	-1.5
Total comprehensive income	**0.0**	**0.0**	**-1.5**	**16.7**	**15.2**
Transactions with owners					
Repurchase of shares	–	–	–	-1.0	-1.0
Dividend	–	–	–	-7.8	-7.8
Share redemption	–	–	–	-7.7	-7.7
Incentive programme	–	–	–	0.2	0.2
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-16.3**	**-16.3**
Closing balance 31 December 2021	**0.8**	**76.3**	**0.3**	**179.2**	**256.6**
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 2022	–	–	-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**

Consolidated cash flow statement

1 January – 31 December, MUSD	**Note**	**2022**	**2021**
Cash flow from operations			
Profit before tax		58.9	16.7
Adjustments for:			
Depletion and depreciation	7	40.5	41.1
Exploration costs	7	4.5	4.1
Other non-cash items		-4.4	-0.7
Total cash flow from operations before change in working capital		**99.5**	**61.2**
Change in receivables		-17.7	-0.6
Change in liabilities		5.2	4.3
Cash flow from operations		**87.0**	**64.9**
Investment activity			
Investment in oil and gas properties	7	-89.1	-35.2
Investment in other fixed assets		-0.3	–
Dividend from associates		0.1	–
Cash flow from investment activity		**-89.3**	**-35.2**
Financing activity			
Repurchase of shares	16	-1.6	-1.0
Dividend		-6.6	-7.8
Share redemption		-16.2	-7.7
Incentive programme		-0.2	–
Cash flow from financing activity		**-24.6**	**-16.5**
Period cash flow		**-26.9**	**13.2**
Cash and cash equivalents at the beginning of the period		68.6	55.4
Exchange gains/losses on cash and cash equivalents		-0.2	–
Cash and cash equivalents at the end of the period		**41.5**	**68.6**

Parent company income statement

1 January – 31 December, MSEK	**Note**	**2022**	**2021**
Other income	5	14.8	14.6
Administrative expenses	9–11, 19	-49.7	-40.2
Share of net result from associates		1.6	–
Exploration costs	7	-0.4	–
Operating result		**-33.7**	**-25.6**
Financial income and similar items	12	552.4	505.2
Financial expenses and similar items	13	-224.5	-118.7
Net financial result		**327.9**	**386.5**
Result before tax		**294.2**	**360.9**
Income tax	14	–	–
Net result[1]		**294.2**	**360.9**

1 As there are no items in the parent company's other comprehensive income, no separate report on total comprehensive income is presented.

Parent company balance sheet

31 December, MSEK	Note	2022	2021
ASSETS			
Non-current assets			
Oil and gas properties	7	–	0.4
Shares in subsidiaries	18	1.0	1.0
Long term receivables from subsidiaries	20	903.2	509.1
		904.2	**510.5**
Current assets			
Other receivables	15	3.2	2.3
Prepaid expenses		5,1	0.8
Cash and cash equivalents		47,6	76.8
		55.9	**79.9**
TOTAL ASSETS		**960.1**	**590.4**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Restricted equity:			
Share capital		6.0	6.0
Statutory reserve		71.1	71.1
Unrestricted equity:			
Share premium reserve		530.3	530.3
Retained earnings		-382.1	-505.0
Net result		294.2	360.9
Total shareholders' equity		**519.5**	**463.3**
Current liabilities			
Accounts payable and other current liabilities	17	10.9	7.9
Other current liabilities to group companies	20	429.7	119.2
Total liabilities		**440.6**	**127.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**960.1**	**590.4**

Parent company statement of changes in equity

	Restricted equity		Unrestricted equity			
MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net result	Total equity
Opening balance 1 January 2021	**6.0**	**71.1**	**530.3**	**-390.2**	**22.7**	**239.9**
Transfer of prior year net result	–	–	–	22.7	-22.7	–
Net result 2021	–	–	–	–	360.9	360.9
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**360.9**	**360.9**
Transactions with owners						
Repurchase of shares	–	–	–	-8.7	–	-8.7
Dividend	–	–	–	-65.2	–	-65.2
Share redemption	–	–	–	-65.2	–	-65.2
Incentive programme	–	–	–	1.7	–	1.7
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-137.5**	**0.0**	**-137.5**
Closing balance 31 December 2021	**6.0**	**71.1**	**530.3**	**-505.0**	**360.9**	**463.3**
Opening balance 1 January 2022	**6.0**	**71.1**	**530.3**	**-505.0**	**360.9**	**463.3**
Transfer of prior year net result	–	–	–	360.9	-360.9	–
Net result 2022	–	–	–	–	294.2	294.2
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**294.2**	**294.2**
Transactions with owners						
Repurchase of shares	–	–	–	-15.9	–	-15.9
Dividend	–	–	–	-65.2	–	-65.2
Share redemption	–	–	–	-162.9	–	-162.9
Incentive programme	–	–	–	6.0	–	6.0
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-238.0**	**0.0**	**-238.0**
Closing balance 31 December 2022	**6.0**	**71.1**	**530.3**	**-382.1**	**294.2**	**519.5**

Parent company cash flow statement

1 January – 31 December, MSEK	Note	2022	2021
Cash flow from operations			
Profit before tax		294.2	360.9
Adjustments for:			
Dividend from Group company	12	-250.5	-350.0
Net exchange differences	12, 13	-52.1	-11.6
Finance costs – net	12, 13	-25.1	-24.9
Other non-cash items		-11.4	-29.7
Total cash flow from operations before change in working capital		**-44.9**	**-55.3**
Change in receivables		-5.2	-0.2
Change in liabilities		3.0	-1.9
Cash flow from operations		**-47.1**	**-57.4**
Investment activity			
Dividend from associates		1.6	–
Investment in oil and gas properties	7	0.0	-0.4
Cash flow from investment activity		**1.6**	**-0.4**
Financing activity			
Financing from long term receivables		254.5	237.1
Repurchased shares	16	-15.9	-8.7
Dividend payment		-65.2	-65.2
Share redemption		-162.9	-65.2
Incentive programme		-1.6	–
Cash flow from financing activity		**8.9**	**98.0**
Period cash flow		**-36.6**	**40.2**
Cash and cash equivalents at the beginning of the period		76.8	36.2
Exchange gains/losses on cash and cash equivalents		7.4	0.4
Cash and cash equivalents at the end of the period		**47.6**	**76.8**

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 Oman and Lithuania. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The Company is listed on Nasdaq Stockholm.

The consolidated financial statements of Tethys Oil AB and its subsidiaries (collectively referred to as the Group) for the year ended 31 December 2022 have been approved by the Board of Directors on 17 April 2023.

Basis of preparation
The consolidated financial statements of the Tethys Oil AB group have been prepared in accordance with prevailing International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations adopted by the EU Commission and the Swedish Annual Accounts Act (1995:1554). In addition, RFR 1 "Supplementary Rules for Groups" has been applied as issued by the Swedish Financial Reporting Board.

The Parent Company financial statements have been prepared in accordance with the Annual Accounts Act and Swedish Financial Accounting Standards Council's RFR 2 "Accounting for legal entities". RFR 2 means that the Parent Company in the annual report for the legal entity shall apply IFRS' rules and statements as adopted by the EU, so far this is possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions and additions that shall be or are allowed to be made from IFRS. The accounting principles of the Parent Company are the same as for the Group, except in the cases specified below in the section entitled "Parent Company accounting principles".

The consolidated financial statements have been prepared on a going concern basis and in accordance with the framework described above and effective for the year ended 31 December 2022. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

The consolidated financial statements have been prepared under the historical cost basis unless disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2022. None of these had a material effect on the Group financial statements 2022.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation
The consolidated group financial statements consolidate the financial statements of Tethys Oil AB and its subsidiaries are prepared as of 31 December each year.

(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquired asset either at fair value or at the non-controlling interest's proportionate share of the acquired net assets.

Intra-group balances and transactions, including unrealized profits arising from intra-group transactions, are eliminated. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to the Group shareholders.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates
Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Share of net profit or loss from an associate is accounted for as increase/decrease of the initial investment. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Financial statements of equity-accounted entities are prepared for the same reporting year as the group. Where material differences arise in the accounting policies used by the equity-accounted entity and those used by Tethys Oil, adjustments are made to those financial statements to bring the accounting policies used into line with those of the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described below.

(iii) Joint arrangements
Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Tethys Oil has joint operations.

Joint operations
Tethys Oil recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

The Group conducts oil and gas operations as a joint operation that does not have a separate legal entity status through licences which are held jointly with other companies. The Groups financial statements reflect the Group's share of production, capital costs, operational costs, current assets and liabilities in the joint operations.

Joint ventures
Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet. Tethys Oil group has no joint ventures.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Tethys Oil AB group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

(i) Functional and presentation currency
The US dollar is the presentation currency of the Group. In management's view this provides the most meaningful information about the company's performance and results to the Group's management and shareholders.

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The Group's most significant subsidiaries' functional currency is USD, as being most common for oil and gas industry.

Tethys Oil AB's (the Parent Company) functional currency is Swedish Krona ('SEK') as the company is domicile in Sweden and run most of its business primarily in SEK. Accordingly, Tethys Oil AB's (Parent Company) presentation currency is SEK.

(ii) Transactions and balances
Parent Company
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the National Bank of Sweden (Riksbanken Sverige) rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognized in the income statement.

Transactions in foreign currencies are translated into the functional currency at exchange rates prevailing at the transaction date. Exchange differences are included in financial income/expenses in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Group companies
The results and financial position of foreign operations or entity that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet,
- income and expenses for each income statement and statement of comprehensive income are translated at the average exchange rate, except for transactions where it is more relevant to use the rate of the day of the transaction, and
- the translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the income statement and included in the result on sale.

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

	31 December 2022		31 December 2021	
Currency	Average	Period end	Average	Period end
SEK/USD	10.12	10.44	8.56	9.04

Segment reporting

Primary operating segments are split between producing and non-producing oil and gas properties and geographic perspective is reported as secondary segment information. Both segments are reported in a manner consistent with the internal reporting provided to the Executive Management.

Classification of assets and liabilities

Non-current assets, long-term liabilities and provisions consist for the most part solely of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

Oil and gas properties

Oil and gas properties are initially recorded at historical cost, where it is probable that they will generate future economic benefits.

Oil and gas properties are all costs for acquiring concessions, licences or interests in production sharing contracts and for the survey, drilling and development of such interests and are capitalised on a field area cost centre basis. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement (see "Provisions"). Oil and gas properties are subsequently carried at cost less accumulated depreciation, depletion, and amortization (including any impairment).

Gains and losses on disposals of oil and gas properties are determined by comparing the proceeds with the carrying amounts of assets sold and are recognised in the income statement.

Routine maintenance and repair costs for producing assets are expensed to the income statement when they are incurred.

Oil and gas properties are categorised as either producing or non-producing.

Depreciation, depletion and amortization
No depreciation or amortisation is charged during the exploration and evaluation phase.

Producing oil and gas properties are depleted on a unit of production basis over the proved and probable reserves of the field concerned, except in the case of assets whose useful lives differ from the lifetime of the field, in which case the straight-line method is applied. In accordance with the unit of production method, net capitalised costs to reporting date, together with anticipated future capital costs for the development of the proved and probable reserves determined at the balance sheet date price levels, are depleted based on the year's production in relation to estimated total proved and probable reserves of oil and gas. Depletion of a field area is charged to the income statement once commercial production commences, under category Depreciation, depletion and amortisation.

Commercial reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Exploration costs

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Exploration costs related to non-producing oil and gas properties are charged to the income statement when a decision is made not to proceed with an oil and gas project, or when the expected future economic benefits of an oil and gas project are less than the capitalised costs. No depletion is charged to non-producing oil and gas properties. Costs related to non-producing oil and gas properties and directly associated with an exploration well are capitalised until the determination of commercial reserves is evaluated. If it is determined that a commercial discovery has not been achieved, these exploration costs are charged to the income statement as exploration costs. Once the commercial reserves are found, and the commercial production commences, exploration assets are tested for impairment and transferred to producing assets.

Impairment of Oil and Gas Properties

Tethys Oil continuously assesses its producing oil and gas properties for any need for impairment. This is performed in conjunction with each balance sheet date or if there are trigger events or changes in circumstances that indicate that the carrying values of assets may not be recoverable. Such indicators include changes in the Group's business plans, relinquished licences, changes in raw materials prices leading to lower revenues and, for oil and gas properties, downward revisions of estimated reserve quantities.

Testing for impairment losses is performed for each cash generating unit, which corresponds to a licence right, production sharing agreement or equivalent owned by Tethys Oil. A cash generating unit usually corresponds to each acquired asset in which Tethys Oil carries on oil and gas operations. Impairment testing means that the balance sheet item amount for each cash generating unit is compared to the recoverable amount for the assets, which is the higher of the fair value of the assets less sales expenses and the value in use. The value in use of the assets is based on the present value of future cash flows discounted by a discount rate; see also note 2 under the section Impairment testing. An impairment loss is recorded when the book value of an asset or a cash generating unit exceeds the recoverable amount. Impairment losses are charged to the income statement.

Tangible assets other than oil and gas

Other tangible assets are stated at cost less accumulated depreciation. Depreciation is based on cost and is calculated on a straight-line basis over the estimated economic life of 3 to 5 years for office equipment and other assets.

Additional costs to existing assets are included in the assets' net book value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The net book value of any replaced parts is written off. Other additional expenses are deemed to be repair and maintenance costs and are charged to the income statement when they are incurred. The net book value is written down immediately to its recoverable amount when the net book value is higher. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss. When revalued assets are sold any amounts included in other reserves in respect of those assets transferred to retained earnings.

Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. Qualifying assets are assets that take a substantial period of time to complete for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending to be used for the qualifying asset, is deducted from the borrowing costs eligible for capitalisation. This applies to the interest on borrowings to finance fields under development which is capitalised within oil and gas properties until production commences. All other borrowing costs are recognised in the income statement in the period in which they occur. Interest on borrowings to finance the acquisition of producing oil and gas properties is charged to the income statement as incurred.

Provisions

General provision

Provisions for legal claims and other obligations are recognised when the group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Site restoration provision

Site restoration work is the work anticipated at the end of the useful life of a production unit or when other installation may be required by law, by the terms of operating licences or by an entity's stated policy and past practice.

Amounts used in recording a provision for site restoration are estimated based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to the site decommissioning and restoration can be different. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of site restoration provisions are reviewed on annual basis. The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Group uses its best estimates and judgement, actual results could differ from these estimates.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into financial assets measured at fair value through profit or loss or fair value through other comprehensive income or at amortised cost. The Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial assets measured at fair value.

The Group does not have any financial assets measured at fair value through other comprehensive income (hereinafter referred to as FVTOCI.

After initial recognition, financial assets are measured based on the following classification:
- Financial assets measured at amortised cost are measured at amortised cost using the effective interest method.
- Financial assets other than those measured at amortised cost are measured at fair value through profit and loss.

The Group's financial assets include cash and cash equivalents, trade and other receivables and loans issued.

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment and de-recognition of financial assets
In accordance with IFRS 9, the Group assesses expected credit losses on financial assets measured at amortised cost. The Group recognises a reserve for such expected credit losses at each reporting date. The Group always recognises lifetime expected credit losses ("ECL") for its trade and other receivables (the "simplified approach" under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Expected credit losses are recognized in the consolidated statement of profit and loss within the financial costs. The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities
All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities. Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the following classification:
- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the gain/(loss) on derivative financial instruments and investments, net.

The Group's financial liabilities may include loans and borrowings and trade and other payables.

Financial liabilities are recognised initially at fair value plus in the case of loans and borrowings, directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Loans and borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid, including any non-cash assets transferred or liabilities assumed, and payable is recognised in profit and loss as other income or finance costs.

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at

FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of equity instruments
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Leases
Tethys Oil recognizes right of use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Under IFRS 16 Tethys Oil applies the exceptions for short-term leases and leases for which the underlying asset is of low value e.g. office leases and IT servers/programmes and other leases of shorter duration or lesser value.

IFRS 16 Leases does not apply to joint operations unless operated by Tethys Oil. In the case of joint operations operated by Tethys Oil, the group recognises its interest share of the value of the underlying assets and corresponding liabilities of the leases in its consolidated group accounts.

At present Tethys Oil does not have any leases under IFRS 16 from joint operations in its group accounts.

Equity
Share capital consists of the registered share capital for the Parent Company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. Excess contribution in relation to the issuance of shares is accounted for in the item additional paid-in-capital.

If any Group company purchase Parent Company shares (repurchase of own shares) the proceeds including any directly attributable transaction costs (net after tax) will reduce equity attributable to the shareholders of the Parent Company until the shares are annulled or realized.

If the shares are realized, proceeds net after directly attributable issue costs and tax effects are shown in equity attributable to the shareholders of the parent company.

The currency translation reserve contains unrealised translation differences due to the conversion of the functional currencies into the presentation currency.

Retained earnings contain the accumulated results attributable to the shareholders of the Parent Company.

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Revenue and Other income
Revenue from sale of crude oil
Revenue from sale of crude oil is recognised at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, which is when title passes from Tethys Oil to the customer.

The title transfer is the moment when crude oil is loaded onto a tanker on behalf of the customer. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

QBA (Quality Bank Adjustment) is an additional income received by Tethys Oil from CCED. In substance, this is premium paid for the quality of the extracted oil being above the average quality of the oil in Omani. QBA is recognized as part of Revenue from sales of crude oil.

Underlift and overlift adjustment
Lifting arrangements for oil and gas produced in the Companys jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative liftings is underlift or overlift.

Underlift and overlift are valued at market value and included within Trade and other receivables and Accounts payables and other current liabilities respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognized on an entitlement basis.

Underlift or overlift positions are taken into account for future oil sales nominations, aiming at balancing the position. Underlift and overlifts are adjusting Revenue income over the periods and recorded on a separate line.

Other Income
Incidental revenues from the test production of oil and gas are recognised as Other Income until quantities of proven and probable reserves are determined or commercial production has commenced.

Income from the sale or farm-out of oil and gas concessions in the exploration stage are reported in the Income Statement net of capital expenditures.

Profit oil and cost recovery in Joint Operation
Tethys Oil's producing oil and gas property in Oman (Blocks 3&4) is governed by an Exploration and Production Sharing Contract (EPSA). Under the EPSA, revenues are derived from cost recovery oil and gas and profit oil and gas. Cost recovery oil and gas allows Tethys Oil to recover a majority of investments and operating expenses (CAPEX and OPEX) incurred. Profit oil and gas is split between the host government and joint operations parties in accordance with a fixed percentage. The joint operations partners split the cost recovery oil and gas and profit oil and gas in accordance with their respective equity interests. Joint operations definition and accounting policy are described in this note above.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations /Pension obligations

The group operates various post-employment schemes mostly defined contribution pension plans. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Share-based compensation benefits are provided to employees. Equity settled share-based payments are recognized in the income statement as administrative expenses and as equity in the balance sheet. The share-based option is recognised at fair value at the date of grant using the Black & Scholes options pricing model and is charged to the income statement.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Income taxes

Presented income taxes include tax payable or tax receivable for the reporting period, adjustments in regard to previous year's taxes and changes in deferred tax. Valuations of all tax liabilities/claims are in nominal amounts and are prepared in accordance with tax legislation and tax rates decided or announced and at which they are likely to be resolved. The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related party transactions

Related parties include shareholders and other related parties (e.g. jointly controlled entities, associated companies) representing entities that have significant influence on the Group, and members of key management personnel or other parties that are partly, directly or indirectly, controlled by key management personnel or of its family or of any individual that controls, or has joint control or significant influence over Tethys Oil.

Information on the Board of Directors and senior executives, as well as remuneration for these, is disclosed in Note 11 Employees.

For disclosures of the Parent Company's transactions with related parties, refer to Note 20, Related-party transactions under the Parent Company.

Cash Flow Statement

The statement of cash flows is prepared in accordance with the indirect method. The reported cash flow only covers transactions that have resulted in payments or disbursements.

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

Parent Company accounting principles

The Parent Company has prepared its annual report in compliance with the Swedish Annual Accounts Act and the recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board. The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies.

The accounting principles of the Parent Company deviate from the accounting principles of the group in respect of the following:

Leasing

The Parent Company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 and IFRS 16 Leases p. 2-12. This policy choice means that no right of-use assets or lease liabilities are recognised in the balance sheet. Instead, leasing fees are expensed on a straight-line basis over the lease period. The Parent Company only has office leases and IT-servers/-programs and other leases concerning items of lesser value.

Financial instruments:

Assets and liabilities are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost unless stated otherwise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

All financial assets and liabilities are current and the fair value of these seems to be the carrying amount as the discounting effects are not significant.

Subsidiaries:

The Parent Company's investments in subsidiaries and associates are recognised using the cost method. The values of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Shareholders contributions and Group contributions.

The Parent Company uses the alternative method in accounting for group contributions and records paid as well as received contributions as appropriations in the income statement. Shareholder contributions paid by the Parent Company are recognised as an increase in the holding's carrying amount.

Income Taxes

A tax liability is recognised when a future payment, in application of a tax regulation, is considered probable and can be reasonably estimated. The exercise of judgment is required to assess the impact of new events on the amount of the liability. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Estimation and judgement are required to determine the value of the deferred tax asset, based upon the timing and level of future taxable profits.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

Note 1, Risk management

Tethys Oil is engaged in the exploration, development and production of oil and its operations are subject to various risks and uncertainties which include but are not limited to those listed below. The risks and uncertainties below are not the only ones that the Group faces.

Non-Financial risks (Operational risks)

Exploration, development and production risks

Tethys Oil is active in the exploration, the appraisal and subsequent development and production of oil and natural gas. The operational risks vary depending upon which of the aforementioned stages Tethys Oil's operations are in. The main risks of the exploration phase are related to the geological chances of success in encountering hydrocarbons from drilling in the targeted areas. In addition, the encountered hydrocarbons must be of such a quality and quantity that they can be developed in a commercial way. The main risks of the appraisal and development stage are uncertainties relating to the size and productive capacity of a discovery as well as the costs and technical challenges associated with bringing it to production. The main risks of the production phase is the ability to maintain long-term profitable, safe and sustainable production.

Volatility in oil and gas commodity prices including political risks

Prices for oil is subject to large fluctuations with a variety of factors. These factors include, but are not limited to: the economic conditions in the United States, the Sultanate of Oman, Europe and other key markets; governmental regulation; political stability in the Middle East, Northern Africa, Eastern Europe and elsewhere; risks of supply disruption; natural disasters; terrorist attacks; the availability of alternative fuel sources; and the actions of the Organization of Petroleum Exporting Countries ("OPEC") and other major oil producing countries affecting the global output of oil and natural gas. In recent years OPEC and associated countries have, from time to time, agreed to voluntary production limitations, and Oman has in the past participated in such agreements. In the past such limitations had impact on the Tethys Oil production.

The political risks are closely monitored by Tethys Oil's management and factored in when evaluating possible projects. Tethys Oil's principal approaches to deal with this risk are assets diversification, emphasis on continuous close dialogue with host country authorities and interest groups, nationally and locally. Tethys Oil holds its oil and gas interest through licences or agreements, directly or indirectly, which are granted by national governments. Tethys Oil's operations are often also subject to local permits.

Prices for oil are also subject to the availability of foreign markets and the Company's ability to access such markets. Because of lower prices, the economics of producing from some wells may change, which could result in reduced production of oil or natural gas and/or a reduction in the economic volumes of the Company's reserves. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets.

There were no oil price hedges in place as at end of the reporting period. Tethys Oil's has a flexible approach towards oil price hedging, based on an assessment of the benefits of the hedge contract in specific circumstances. Based on analysis of the circumstances Tethys Oil will assess the benefits of forward hedging sales contracts for the purpose of establishing a secured cash flow.

Net result in financial statements (MUSD)	58.3	58.3
Shift in oil price (USD/barrel)	5	-5
Total effect on net result (MUSD)	**7.9**	**-7.9**

Environmental and climate change

Oil and gas operations can be environmentally sensitive. All phases of the oil and natural gas business present environmental risks and are subject to environmental regulation pursuant to a variety of laws and regulations in the jurisdictions where the Company operates. Environmental legislation regulates inter alia the control of water and air contamination, waste material, licensing requirements, restrictions on carrying out operations in environmentally sensitive and littoral areas etc.

Tethys Oil devotes considerable effort and expense to identify and mitigate any perceived environmental risk in its operations.

Changes in environmental legislation can result in an impact on production, or require significant expenditures, Breach of applicable environmental regulation or legislation may result in liabilities such as the recovery of the damages, the imposition of fines and penalties, which maybe material.

Access to equipment

An operational risk factor in Tethys Oil's projects is access to equipment. Especially in the drilling/development phase of a project, the Group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Tethys Oil to fulfil projects. Limited access to drilling rigs and other equipment has in the past led to cost increases and has in part been the cause of project delay.

Key personnel

Tethys Oil is dependent on certain key personnel. These people are important for the successful development of Tethys Oil. The Company actively tries to strike an optimal balance between its dependence of key personnel and its methods for retaining these personnel. One of key personnel has founded the Company at the same time as he is among the existing shareholders and a member of the Board of Directors of the Company.

Licences/ EPSA

Tethys Oil's direct interests are held through agreements with host countries, for example licences or exploration and production sharing agreements (EPSA). These agreements have negotiated expiry dates with options for extension. Standard EPSAs in Oman are awarded with 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 in several cases granted extensions to an ongoing exploration phase to allow the operator to complete its work programme and fulfil its commitments and any subsequent analysis.

Financial risks

The Group's activities expose it to a variety of financial risks such as foreign currency exchange rate risk, liquidity risk, credit risk and risk of management estimates and assumptions. The Group's risks are continuously monitored and analysed by the Board of Directors and management. The aim is to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

The Group is exposed to fluctuations in the foreign exchange markets as fluctuations in exchange rates as expenses in foreign subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates, which can negatively affect the result, cash flow and equity.

The major proportion of the Group's assets relate to international oil and gas discoveries valued in USD and which generate revenues in USD. During the reporting period all of Tethys Oil's oil sales and operative expenditures were denominated in USD with a share of general and administrative expenses being denominated in SEK. The exchange risk affects the Group by transaction risk and translation risk.

Transaction risk

Transaction exposure arises in the cash flow when invoicing or the costs of invoiced goods and services are not in the local currency. The Group only has limited costs in currencies other than USD, primarily relating to the SEK costs in the parent company. Presented below is the exposure to currencies with reference to items in the financial statements:

	2022	2021
Revenues	100% in USD	100% in USD
Investments in Oil & Gas	100% in USD	99.8% in USD
External financing at year end	No	No

Tethys Oil does not use derivative contracts to hedge exchange rates. The Group policy is that cash held in bank should be in USD, except for a short period when sufficient amounts of SEK required in the Parent company to pay dividend and share redemption. Furthermore, there are relatively minor amounts in SEK held in the Parent company, in order to reduce exchange rate risk.

Translation risk
Exchange-rate changes affect the Group's operating profit in conjunction with the translation of the income statements of subsidiaries into USD. When net assets are translated into USD the translation can negatively affect the Group's statement of financial position. The parent company has issued loans to its subsidiaries denominated in USD and exchange rate changes impact the income statement of the parent company. The Group does not hedge its translation exposure and fluctuating currency rates might negatively affect the operating profit and financial position of the Group.

Liquidity risk and Refinancing risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Tethys Oil is operating in several countries and exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, US dollars. Furthermore, Tethys Oil has since inception been equity and debt financed through share and bond issues, bank loans and financed by asset divestment. Additional capital could be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need could occur during less favourable market conditions. Tethys Oil continuously ensures that sufficient cash balances are maintained in order to cover day to day operations. Management relies on cash forecasting to assess Tethys Oil's cash position based on expected future cash flows. All financial liabilities of the Group as at end of 2022 and 2021 are fall due within 12 months.

Credit risk
Tethys Oil's policy is to limit credit risk by limiting the counterparties to major banks and oil trading companies. Tethys Oil is selling all of its oil through Mitsui Energy Trading Singapore which is part of Mitsui & Co. Ltd., with 30 days payment from bill of lading. As at end of each period the account receivable basically represent the amounts due within the next month. This is the maximum exposure on accounts receivable. There is no history of default, and the Group does not anticipate future credit losses. Cash and cash equivalents are maintained with banks having strong long-term credit ratings. Maximal exposure regarding other financial assets is those presented in the balance sheet.

The Board of Directors responsibility is to overview the Group's capital structure and financial management, approve certain business regarding acquisition, investments, possible lending as well as on-going monitoring exposure to financial risks.

Note 2, Critical accounting estimates and judgements

In preparing consolidated financial statements in conformity with IFRS, estimates and assumptions are used by Tethys Oil management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or are not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant operations judgment. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the Group's business, financial condition, results of, cash flows and future prospects. More detailed information about significant estimates is presented below.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below

Estimates in oil and gas reserves and resources

The business of the Group is the exploration for, development of and production of oil and gas reserves. Estimates of oil and gas reserves and resources are used in the calculations for impairment tests, in-house modelling and accounting for depletion and site restoration. Changes in estimates in oil and gas reserves and resources, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Estimates in oil and gas reserves and resources may change following for instance new wells, long term production data and changes in macroeconomic data.

Impairment of oil and gas properties

Tethys Oil continuously assesses its producing oil and gas properties for any need for impairment testing. This is performed in conjunction with each balance sheet date or if there are events or changes in circumstances that indicate that carrying values of assets may not be recoverable. Such indicators include changes in the Group's business plans, relinquished licences, changes in oil prices leading to lower revenues and, for oil and gas properties, downward revisions of estimated reserve quantities.

Testing for impairment losses is performed when necessary for each cash generating unit, which corresponds to licence right, production sharing agreement or equivalent owned by Tethys Oil. A cash generating unit thus usually corresponds to each acquired asset in each country in which Tethys Oil carries on oil and gas operations. Impairment testing means that the balance sheet item amount for each cash generating unit is compared to the recoverable amount for the assets, which is the higher of the fair value of the assets less sales expenses and the value in use. The value in use of the assets is based on the present value of future cash flows discounted by a discount rate. An impairment loss is recorded when an asset's or a cash generating unit's recorded value exceeds the recoverable amount. Impairment losses are charged to the income statement. Recent results are disclosed in the note 7 under the section Impairment testing.

Oil and natural gas price assumptions

The Oil price assumptions are based on 3rd party forecast combined with market data.

Discount rate assumptions

The discount rates used for impairment testing and provisions continuously updated during the year in light of changing economic and geopolitical outlooks.

Site restoration provision

Amounts used in recording a provision for site restoration are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to the site decommissioning and restoration can be different. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of site restoration provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Group uses its best estimates and judgement, actual results could differ from these estimates.

Income taxes

Tethys Oil has not recorded a deferred tax in relation to the tax losses carried. Management does not consider the measurement of deferred tax assets to be a significant accounting estimate.

Note 3, Segment information

The Group accounting principles for segment describes that the operating segment are reported based in Producing assets, Non-producing assets and Other, as well as geographic perspective, where Producing and Non-producing assets are represented by Oman and Other by Sweden, and reported in a manner consistent with the internal reporting which is primarily based on income statement ratios and provided to the executive management, which is considered to be the chief operating decision maker. 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 as well as the Company's indirect 25 percent holding in its Lithuanian associated company Minijos Nafta UAB. The operating result for each segment is presented below. Revenue and other income relates to external (non-intra group) transactions and customers. Oman is Tethys Oil´s only oil producing area from which revenue is generated as at 31 December 2022 (and comparative period). Revenue, depletion and operating expenses, which is presented in notes 4, 7 and 8, therefore only related to Oman and Blocks 3&4. Regarding Oil and gas properties segment reporting is provided in note 7. Please refer to note 1 regarding credit risk exposure on accounts receivables.

Group income statement Jan-Dec 2022, MUSD				
Total	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income	156.5	–	–	156.5
Operating expenses	-50.1	–	–	-50.1
Depreciation, depletion and amortisation	-40.2	–	-0.3	-40.5
Exploration costs	-2.5	-1.7	-0.3	-4.5
Administrative expenses	-4.6	-0.1	-2.6	-7.3
Share of net profit from associate	–	–	0.1	0.1
Operating result	**59.1**	**-1.8**	**-3.1**	**54.2**
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income				
Oman	156.5	–	–	156.5
Other	–	–	–	–
Oil and Gas properties as of 31 Dec 2022	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Oil and Gas properties	198.5	47.5	0.1	246.1

Group income statement Jan-Dec 2021, MUSD				
Total	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income	112.7	–	–	112.7
Operating expenses	-43.8	–	–	-43.8
Depreciation, depletion and amortisation	-41.1	–	-0.1	-41.2
Exploration costs	–	-4.1	–	-4.1
Administrative expenses	-2.6	–	-4.9	-7.5
Operating result	**25.2**	**-4.1**	**-5.0**	**16.1**
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income				
Oman	112.7	–	–	112.7
Other	–	–	–	–
Oil and Gas properties as of 31 Dec 2021	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Oil and Gas properties	180.9	23.7	0.3	204.9

Note 4, Revenue and other income

MUSD	**2022**	**2021**
Revenue	149.4	113.5
Underlift (+) / overlift (-), adjustment	7.1	-0.8
Revenue and other income	**156.5**	**112.7**

Tethys Oil sells all of its oil to Mitsui Energy Trading Singapore, wich is part of Mitsui & Co Ltd. All oil sales come from Block 3&4 Oman and are made on a monthly basis. Tethys Oil´s average selling price is based on the monthly average price of the two-month future contract of oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

Note 5, Other income

Parts of the administrative expenses in Tethys Oil, such as overhead costs in the parent company, have been charged out to oil and gas projects within the group. Other income in the parent company during 2022 amounted to MSEK 14.8 (14.6). In case of Tethys Oil being the operator in joint operations, these administrative expenditures are, through the above, also funded by the partner if such partners exist. The charge out to joint operations projects where Tethys Oil is operator is presented in the consolidated income statement as other income to the extent it is related to interest not held by Tethys Oil. All other internal charge outs are eliminated in the consolidated financial statements. Tethys Oil is as at 31 December 2022 operator in block 49, 56 and 58 in Oman and hold 100% of the licenses interest in Block 49, 58 and 65% in Block 56.

Note 6, Site restoration provision

Tethys Oil estimates that its share of site restoration costs for Blocks 3&4 at year end 2022 amounts to MUSD 10.6 (MUSD 12.8) and for Block 49 to MUSD 0.2 (MUSD 0.2). As a consequence of the revised value of the site restoration provision, the value of Oil and Gas properties for Blocks 3&4 have been reduced by the corresponding amount. The change in provision follows an annual review of the site restoration calculation which estimates the cost of plugging all of the wells and removing surface facilities. The value is calculated using an annual inflation factor of 2 percent, discounted with a risk-free interest rate of 4.1 percent (2021: 1.9 percent) and a credit spread of 4.0 percent (unchanged from 2021).

MUSD	31 December 2022	31 December 2021
Provisions as of beginning of period	13.0	12.5
Accretion expense	0.8	0.7
Impact of changes to discount rate	-5.8	-1.6
Change in estimates and provisions relating to new drilling and installations	2.8	1.4
Total provision for abandonment liabilities	**10.8**	**13.0**
Breakdown of the provision to short-term and long-term liabilities		
Short-term	–	0.2
Long-term	10.8	12.8
Total provision for abandonment liabilities	**10.8**	**13.0**

Note 7, Oil and gas properties

The agreements that govern the relationship with host countries are referred to as licenses or Exploration and Production Sharing Agreements (EPSA or PSA). Tethys Oil holds its interest directly through aforementioned agreements in Oman. The agreements with host countries have a time limit and are normally divided into periods. Financial commitments and or work commitments normally relates to the different periods. Tethys Oil has fulfilled its commitments on Blocks 3&4. In Block 49, 56 and 58 the initial work commitments during the first period include geological studies, seismic acquisition and processing and exploratory drilling. In the other areas of operations, the commitments are either fulfilled or there are no commitments of which Tethys Oil can be held liable for. In some of Tethys Oil's areas of interest there are requirements of work to be done or minimum expenditures in order to retain the license, but no commitments of which Tethys Oil can be held liable for. The Parent company oil and gas properties are part of the new venture category.

Country	Licence	Phase	Expiration date	Tethys Oil, %	**Partners** (operator in bold)
Oman	Blocks 3&4	Production	July 2040	30%	**CCED,** Tethys Oil, Mitsui
Oman	Block 49[1]	Exploration	Dec 2023	100%	**Tethys Oil**
Oman	Block 56[2]	Exploration	Dec 2023	65%	**Tethys Oil,** Medco Arabia Ltd**,** Intaj LLC, and Biyaq Oil Field Services
Oman	Block 58[3]	Exploration	July 2024	100%	**Tethys Oil**
Lithuania	Gargzdai[4]	Production	No expiration date	25%	**Odin,** GeoNafta, Tethys Oil

1 The contingent final formal goverment approval for the exploration and production sharing agreement (EPSA) for Block 49 was, in 2022, extended to December 2023. At expiration of the initial period Tethys Oil has the right to enter into a second three year exploration period. In case of a commercial oil or gas discovery, the EPSA will be trans- formed in to a 15 year production licence with the option of a further five year extension. In case of a commercial discovery Oman Government Company, has a right to acquire up to a 30% interest in Block 49 against refunding of past expenditure. The initial work commitments during the first period include geological studies, seismic acquisition and processing and exploratory drilling.

2 The initial exploration period for the EPSA for Block 56 expired in December 2020, whereby the partners elected to enter into the second exploration period, which expires in December 2023. In case of a commercial oil or gas discovery, the EPSA will be transformed in to a 20 year production licence with the option of a further five year extension. In case of a commercial discovery Oman Government Company, has a right to acquire up to a 25% interest in Block 56 against refunding of past expenditure. The work commitments during the second period include geological studies, seismic acquisition and processing and exploratory drilling.

3 Tethys Oil entered into an one year extention of the initial exploration phase of the EPSA for Block 58, approved on 6 of January 2023. Tethys Oil has the right to enter into a second three year exploration period. In case of a commercial oil or gas discovery, the EPSA will be transformed in to a 15 year production licence with the option of a further five year extension. In case of a commercial discovery Oman Government Company, has a right to acquire up to a 30% interest in Block 58 against refunding of past expenditure. The initial work commitments during the first period include geological studies, seismic acquisition and processing and exploratory drilling.

4 The interest in the Lithuanian Gargzdai licence is held indirectly through a 50 percent shareholding in a Danish private company, which in turn holds 50 percent of the shares in the Lithuanian company which holds 100 percent of the licence interest. The Danish company Odin Energi is not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there is no oil and gas property related to the licence. The ownership of Odin Energi is presented in the balance sheet under Investment in associates.

MUSD	31 December 2022	31 December 2021
Producing cost pools	198.5	180.9
Non-producing cost pools	47.5	24.0
Total oil and gas properties	**246.1**	**204.9**

MUSD Licence	Phase	Tethys Oil's share	31 December 2022	Investments	DD&A	Site restoration and other adjustments	Exploration costs	1 January 2022
Blocks 3&4	Production	30%	198.5	63.4	-40.2	-3.0	-2.6	180.9
Block 49	Exploration	100%	0.6	0.4	–	-0.2	–	0.4
Block 56	Exploration	65%	38.9	23.9	–	–	-1.7	16.7
Block 58	Exploration	100%	8.0	1.4	–	–	–	6.6
New ventures			0.1	–	–	–	-0.2	0.3
Total			**246.1**	**89.1**	**-40.2**	**-3.2**	**-4.5**	**204.9**

MUSD Licence	Phase	Tethys Oil's share	31 December 2021	Investments	DD&A	Site restoration and other adjustments	Exploration costs	1 January 2021
Blocks 3&4	Production	30%	180.9	30.4	-41.1	-0.4	–	191.9
Block 49	Exploration	100%	0.4	-7.9	–	-0.2	-4.1	12.6
Block 56	Exploration	65%	16.7	7.9	–	–	–	8.8
Block 58	Exploration	100%	6.6	4.8	–	–	–	1.8
New ventures			0.3	–	–	–	–	0.3
Total			**204.9**	**35.2**	**-41.1**	**-0.5**	**-4.1**	**215.3**

MUSD Producing cost pools	Block 3&4	Total
Cost 1 Jan 2022	537.7	537.7
Investments	63.4	63.4
Exploration cost	-2.6	-2.6
Change in estimates	-3.0	-3.0
Cost 31 Dec 2022	**595.5**	**595.5**
Accumulated depreciation 1 Jan 2022	-356.8	-356.8
Depletion charge for the year	-40.2	-40.2
Accumulated depreciation 31 Dec 2022	**-397.0**	**-397.0**
Net book value 31 Dec 2022	**198.5**	**198.5**

MUSD Producing cost pools	Block 3&4	Summa
Cost 1 Jan 2021	507.7	507.7
Investments	30.4	30.4
Change in estimates	-0.4	-0.4
Cost 31 Dec 2021	**537.7**	**537.7**
Accumulated depreciation 1 Jan 2021	-315.7	-315.7
Depletion charge for the year	-41.1	-41.1
Accumulated depreciation 31 Dec 2021	**-356.8**	**-356.8**
Net book value 31 Dec 2021	**180.9**	**180.9**

MUSD Investments Block 3&4 categories	2022	2021
Drilling	**30.1**	17.6
G&G	**13.4**	4.1
Facilities	**19.9**	8.7
Total	**63.4**	**30.4**

MUSD Oil & gas properties Block 3&4 categories	2022	2021
Drilling	101.5	93.8
G&G	31.7	27.5
Facilities	65.3	59.5
Total	**198.5**	**180.9**

Impairment testing

Tethys Oil assesses the need for an impairment test of its producing oil and gas properties through the performing of an impairment trigger test. In the impairment trigger test the Company uses its best efforts to estimate future production, operational costs and investments needs. In order to calculate estimated future cash flows various oil price scenarios have been used, including ERCE's year-end price forecast and the oil price forward curve.

An impairment trigger test was conducted as per 31 December 2022 it was concluded that no impairment test is required.

Exploration costs related to the write-down of exploration wells at Block 56, Blocks 3&4 and New venture projects in total of MUSD 4.5 were recorded in 2022 (2021:MUSD 4.1 in Block 49).

Note 8, Operating expenditure

	Group MUSD		**Parent** MSEK	
	2022	2021	2022	2021
Production costs	-33.5	-31.0		
Well Workovers	-5.0	-2.9	–	–
Operator G&A and overhead expenses	-11.6	-9.9	–	–
Total	**-50.1**	**-43.8**	**–**	**–**

Note 9, Remuneration to company auditor

	Group MUSD		**Parent** MSEK	
	2022	2021	2022	2021
PwC:				
Audit fee	-0.2	-0.2	-2.2	-1.7
Audit-related fees	0.0	0.0	-0.2	-0.1
Other	0.0	0.0	–	-0.4
Audit fees to other audit company	0.0	0.0	–	–
Other	-0.1	–	–	–
Total	**-0.3**	**-0.2**	**-2.4**	**-2.2**

Of the Group total during 2022, MUSD 0.2 (MUSD 0.2) has been in relation to PwC Sweden.

Note 10, Administrative expenses

	Group MUSD		**Parent** MSEK	
	2022	2021	2022	2021
Personnel costs	-3.3	-4.0	-23.7	-19.4
Rent	-0.4	-0.4	-2.7	-2.4
Other office costs	-0.5	-0.7	-2.9	-2.9
Listing costs	-0.2	-0.2	-1.8	-1.3
Costs of external relations	-0.1	-0.1	-0.8	-0.5
Other costs	-2.8	-2.1	-17.8	-13.7
Total	**-7.3**	**-7.5**	**-49.7**	**-40.2**

Note 11, Employees

Average number of full time employees per country	2022 Total	2022 Total men	2021 Total	2021 Total men
Parent company				
Sweden	8	5	7	4
Total parent company	**8**	**5**	**7**	**4**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	20	13	18	12
United Arab Emirates	1	–	1	–
Total subsidiary companies foreign	**21**	**13**	**19**	**12**
Total group	**29**	**18**	**26**	**16**

MUSD Salaries, other remuneration and social costs	2022 Salaries, other remuneration	2022 Social costs	2021 Salaries, other remuneration	2021 Social costs
Parent company				
Sweden	-1.9	-0.4	-1.6	-0.7
Total parent company	**-1.9**	**-0.4**	**-1.6**	**-0.7**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	-3.3	–	-2.7	–
United Arab Emirates	-0.1	–	-0.1	–
Total subsidiary companies foreign	**-3.4**	**–**	**-2.8**	**–**
Total group	**-5.3**	**-0.4**	**-4.4**	**-0.7**

MUSD Salaries and other remuneration distributed between The Board and other employees	2022 Board and managing director	2022 Other employees	2021 Board and managing director	2021 Other employees
Parent company				
Sweden	-0.7	-1.2	-0.8	-0.8
Total parent company	**-0.7**	**-1.2**	**-0.8**	**-0.8**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	–	-3.3	–	-2.7
United Arab Emirates	–	-0.1	–	-0.1
Total subsidiary companies foreign	**–**	**-3.4**	**–**	**-2.8**
Total group	**-0.7**	**-4.6**	**-0.8**	**-3.6**

During 2022 one woman has been a member of the Board of Directors, compared to one in 2021. One woman has been a member of the executive management, compared to none in 2021. At the AGM of shareholders on 18 May 2022, Klas Brand, Robert Anderson, Alexandra Herger, Magnus Nordin and Per Seime were re-elected members of the board. No deputy directors were appointed. At the same meeting, Per Seime was appointed to new chairman of the board. There are no agreements on pensions for any of the directors of the board. For the executive management, the pension costs follow a defined contribution plan.

Salaries and other remuneration to executive management during 2022, MSEK	Basic salary	Pension arrange-ments	Variable salary	Share based long term incentive[1]	Other benefits	Total 2022
Managing director	5.078	0.000	0.581	1.399	0.055	7.113
Other executive management	5.588	0.653	0.951	1.565	0.040	8.797
Total	**10.666**	**0.653**	**1.533**	**2.964**	**0.095**	**15.910**

Salaries and other remuneration to executive management during 2021, MSEK	Basic salary	Pension arrange-ments	Variable salary	Share based long term incentive[1]	Other benefits	Total 2021
Managing director	3.559	0.496	0.942	1.462	0.026	6.485
Other executive management	4.264	0.492	1.077	1.743	0.031	7.607
Total	**7.823**	**0.989**	**2.019**	**3.205**	**0.056**	**14.092**

Total remuneration to executive management increased in 2022 compared to 2021, mainly as the executive management group increased by one member. During 2022, the basic salary for the Managing Director increased, partly due to pension cost decreasing and a corresponding increase in basic salary. Remuneration to the other members of the executive management increased as a result of the addition of one member to the executive management group. According to the employment contract, the Managing Director has a mutual notice period of twelve months. If the employment is terminated by the Company, the Managing Director is entitled to severance pay corresponding to twelve months' salary, less from the date at new employment begins at another company.

Remuneration to board member, MSEK	AGM 2022 to AGM 2023	AGM 2021 to AGM 2022
Per Seime	0.800	0.800
Robert Anderson	0.395	0.395
Alexandra Herger	0.400	0.400
Magnus Nordin	0.000	0.000
Klas Brand	0.420	0.420
Total	**2.015**	**2.015**

Note 12, Financial income and similar items

	Group MUSD		Parent MSEK	
	2022	**2021**	**2022**	**2021**
Interest income	0.3	–	67.4	24.9
Currency exchange gains	23.2	15.2	234.5	130.3
Dividend from group companies	–	–	250.5	350.0
Total	**23.5**	**15.2**	**552.4**	**505.2**

Note 13, Financial expenses and similar items

	Group MUSD		Parent MSEK	
	2022	**2021**	**2022**	**2021**
Interest expenses	–	–	-42.0	–
Currency exchange loss	-18.0	-13.9	-182.4	-118.7
Other financial expenses	-0.8	-0.7	–	0.0
Total	**-18.8**	**-14.6**	**-224.5**	**-118.7**

1 The Managing director received 60,000 (60,000) and Other executive management received 100,000 (100,000) warrants in the 2022 incentive programme, totalling 160,000 (160,000) warrants.

Note 14, Tax

The Group's income tax charge amounts to MUSD 0,6 (MUSD –) and is related to Tethys Oil's income in Gibraltar. Tethys Oil has not recorded a deferred tax asset in relation to the tax losses carried forward since there is uncertainty as to if the tax losses may be utilised. The tax losses are in another jurisdiction than where main profits are generated. Tax losses carried forward amounted to MSEK 219.3 (MSEK 262.2). There are no time limits for the utilization of tax losses.

The tax expenses on the parent company's result before tax differs from the theoretical amount that would arise using the Swedish tax rate as follows:

Parent MSEK	**2022**	**2021**
Result before tax	294.2	360.9
Tax at applicable tax rate 20,6% (2021: 20,6%)	-60.6	-74.3
Non-deductible expenses	-0.2	-0.1
Non-taxable income	51.9	72.1
Utilized (+) / Built up (-) tax loss carry forwards previously not recorded as deferred tax assets	8.8	2.3
Tax expense	**0.0**	**0.0**

Tethys Oil's oil and gas operations in Oman are governed by separate Exploration and Production Sharing Agreements ("EPSA") for each contract area. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil from the government share of oil. The effect of these taxes is netted against revenue and other income in the income statement. Currently Blocks 3&4 is the only Omani EPSA in a tax paying position.

As the final amount of Omani income tax is determined after the end of the calendar year, Tethys Oil's preliminary assessment of the amount of Omani income tax paid on behalf of Tethys Oil in 2022 is MUSD 59.5 (MUSD 45.0).

Local income generated in Tethys Oil's Gibraltar subsidiaries are subject to Gibraltar taxes. Tethys Oil recorded MUSD 0.6 (MUSD –) in tax in Gibraltar in the period.

Note 15, Trade and other receivables

	Group MUSD		**Parent** MSEK	
	2022	**2021**	**2022**	**2021**
Trade receivables oil sales	12.5	7.2	–	–
Underlift position	6.1	–	–	–
Non-trade receivables	4.9	–	–	–
Joint operation receivables	0.1	1.7	–	–
Other receivables	3.3	0.3	3.2	2.3
Total	**26.9**	**9.2**	**3.2**	**2.3**

Note 16, Shareholders' equity

As at 31 December 2022, the number of issued shares in Tethys Oil amounted to 33,056,608, with a nominal value of SEK 0.18 (SEK 0.18). All shares represent one vote each. Tethys Oil has a warrant-based incentive programme for Employees. When the share price is above the exercise price of the warrants a potential dilution effect arises. During the most part of 2022 the share price was below the exercise price of the three tranches of the warrant programme, thus the weighted average number of shares outstanding after dilution was 32,664,523. For for further information please see note 20.

Tethys Oil's Annual General Meeting on 18 May 2022 ("AGM") has resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the company's shares. During the fourth quarter Tethys Oil repurchased 186,778 shares. During the third quarter, Tethys Oil repurchased 76,900 shares. As of 31 December 2022, Tethys Oil held 738,351 shares in treasury – the equivalent of 2.2 percent of issued shares. Up until 31 March 2023 an additional 367,755 shares were repurchased, bringing Tethys Oil's number of treasury shares to 1,106,106 as per the publication of this annual report. For the complete repurchase authorisation, please refer to Tethys Oil's website www.tethysoil.com.

Earnings per share

Earnings per share before dilution is calculated by dividing profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Earnings per share after dilution is calculated by dividing the profit for the year attributable to ordinary shareholders of the parent company by weighted average number of ordinary shares outstanding during the year while also including the dilution effect of warrants where the subscription price is below the share price.

Appropriation of profit

The Board of Directors proposes a dividend of SEK 2.00 per share (AGM 2022: SEK 2.00). Proposed record date is November 2023. The Board of Directors proposes an extraordinary distribution of SEK 3.00 per share by way of a mandatory share redemption programme following the AGM 2023 (AGM 2022: SEK 5.00). Further details will be presented in the proposal to the 2023 AGM.

Note 17, Accounts payable and other current liabilities

	Group MUSD		**Parent** MSEK	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Accounts payable	0.6	0.3	1.7	2.2
Joint operations payable	16.9	11.6	–	–
Overlift position	–	1.0	–	–
Tax liability	0.6	–	–	
Other current liabilities	1.5	1.2	9.2	5.7
Total	**19.6**	**14.1**	**10.9**	**7.9**

Note 18, Shares in subsidiaries

Company	Reg. number	Reg. office	Number of shares (thousands)	Percentage	Nominal value per share
Tethys Oil Invest AB	556658-1442	Sweden	1.0	100%	SEK 100
Tethys Oil Exploration AB	556658-1483	Sweden	1.0	100%	SEK 100
Tethys Oil France AB	556658-1491	Sweden	1.0	100%	SEK 100
Tethys Oil Middle East North Africa B.V.	27306813	Netherlands	18.0	100%	EUR 1
Tethys Oil Oman Ltd	95212	Gibraltar	0.1	100%	GBP 1
Tethys Oil Block 3&4 Ltd	101981	Gibraltar	1.0	100%	USD 1
Tethys Oil Montasar Ltd	115710	Gibraltar	1.0	100%	USD 1
Tethys Oil Oman Onshore Ltd	118203	Gibraltar	1.0	100%	USD 1
Tethys Oil Oman Qatbeet Ltd	119982	Gibraltar	1.0	100%	USD 1

Shares in subsidiaries, MSEK	Parent 2022	Parent 2021
1 January	1.0	1.0
Acquisitions/Relinquishments	–	0.0
31 December	**1.0**	**1.0**

Note 19, Incentive programmes

Warrants based programme

Tethys Oil has an incentive programme as part of the remuneration package to employees. The allocation is not guaranteed and the Board of Directors of the Company shall resolve on and implement the allocation. The warrants have no vesting period or other restrictions and have been trans ferred free of charge to the participants and the Group accounts for any income tax for the participants to the extent such tax is attributable to the programme. The market value of the warrants has been calculated in accordance with the Black & Scholes formula by an independent valuation institution. The subscription price is based on the volume-weighted average of the purchase price for the Company's share on Nasdaq Stockholm during approximately a two-week period prior to the date of allocation.

Warrants have been issued annually since 2015, following a decision by the respective AGM. Since 2021 warrants are only issued to the Executive Management. 160,000 (200,000) new warrants were issued in 2022. In October 2022 the exercise period for the 2019 incentive programme expired without any warrants having been exercised.

As the share price was below the subscription price for all the active tranches of the incentive programme for most of 2022, there was limited dilution effects of the warrants included in the weighted average number of shares after dilution, which amounted to 32,664,523 during 2022. The cost is calculated in accordance with the Black & Scholes formula where the main inputs are the factors in the above table, expected volatility, share price at valuation and an equity discount rate. The cost for the incentive programme is included as part of administrative expenses and includes tax and social charges where applicable.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants: 1 Jan 2022	Issued 2022	Exercised 2022	Expired 2022	31 Dec 2022
2019 incentive programme	1 Jun – 7 Oct, 2022	64.90	1.21	350,000	–	–	350,000	–
2020 incentive programme	13 Jun – 6 Oct, 2023	48.20	1.12	350,000	–	–	–	350,000
2021 incentive programme	12 Jun – 4 Oct, 2024	70.80	1.07	200,000		–	–	200,000
2022 incentive programme	18 Aug – 6 Oct 2025	99.50	1.00	–	160,000	–	–	160,000
Total				**900,000**	**160,000**	**–**	**350,000**	**710,000**

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants: 1 Jan 2021	Issued 2021	Exercised 2021	Expired 2021	31 Dec 2021
2018 incentive programme	1 Jun – 2 Oct, 2021	72.00	1.24	350,000	–	–	350,000	–
2019 incentive programme	1 Jun – 7 Oct, 2022	69.70	1.13	350,000	–	–	–	350,000
2020 incentive programme	13 Jun – 6 Oct, 2023	51.70	1.04	350,000	–	–	–	350,000
2021 incentive programme	12 Jun – 4 Oct, 2024	76.00	1.00	–	200,000	–	–	200,000
Total				**1,050,000**	**200,000**	**–**	**350,000**	**900,000**

Warrant incentive programme	Group MUSD 2022	Group MUSD 2021	Parent MSEK 2022	Parent MSEK 2021
Incentive programme cost	0.3	0.5	3.5	4.0
Total	**0.3**	**0.5**	**3.5**	**4.0**

Long-term incentive program 2022–2024

In 2022, Tethys Oil introduced the Tethys Oil Long-Term Incentive Programme 2022–2024 ("LTIP 2022"). The Program is established to form a part of the incentive and retention program 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 program that gives them an opportunity to receive Shares acquired with the Reward.

The Program comprises one (1) three-year (3) Vesting Period. The Vesting Period covers the financial years of 2022—2024. The Reward is expressed as a gross cash amount in Swedish Krona (SEK). The maximum limit for the program is MSEK 6,1 .

A Participant's Reward is paid in three (3) instalments (30 per cent in connection with the third quarterly report for the financial year 2022, 30 per cent in connection with the publication of the first quarterly report for the financial year 2023 and 40 per cent in connection with the publication of the first quarterly report for the financial year 2024). The net reward (reward net of applicable taxes) is used for acquiring Reward Shares for the Participant.

The payment of each instalment is conditional on continued employment, and continued ownership of the Reward Shares purchased within the program.

During the financial year 2022, a total amount of 6,008,200 SEK was granted to the participants of the program to be earned during the vesting period.

In the first installment, a total of 1,802,460 SEK reward was exercised, and a total of 23,774 Reward Shares were purchased with the net reward.

At the end of the financial year 2022, a total of 4,205,740 SEK remains outstanding for the remaining installments.

Note 20, Related party transactions

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

During the year, the Company entered into the following significant transactions with related parties.

Transactions with group companies, MSEK	**2022**	**2021**
Interest income	67.1	36.9
Other income	14.8	14.6
Dividend income	250.5	350.0
Interest expense	-42.0	-12.0
Total	**290.4**	**389.5**

Balance with related parties, MSEK	**2022**	**2021**
Receivable from group companies	903.2	509.1
Total	**903.2**	**509.1**

Balance with related parties, MSEK	**2022**	**2021**
Payable to group companies	429.7	119.2
Total	**429.7**	**119.2**

Receivables or payables from related parties arise from the net of purchased services and upstreamed or downstreamed funds between parent and subsidiaries. The interest rates on receivables are in the range of SOFR +4–6% per annum. Receivables are long term in duration and unse- cured in nature. Payables are short term in duration, unsecured in nature and bear no interest.

During 2022 Tethys Oil received dividend of 1,6 MSEK from the associated company Odin Energy A/S.

Information on the Board of Directors and senior executives, as well as remuneration for these, is disclosed in Note 11 Employees

Note 21, Pledged assets

The parent company has no pledged assets as per 31 December 2022 (On 31 December 2021, MSEK 0.5 was pledged related to the office rental space).

Note 22, 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 23, Subsequent events

No significant events have occurred after the end of the reporting period other than as described in the report.

Assurance

The Board of Directors and the managing director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the parent company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the parent company's financial position and results of operations. The statutory Administration Report of the Group and the parent company provides a fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, 17 April 2023

Per Seime
Chairman of the board

Rob Anderson
Director

Klas Brand
Director

Alexandra Herger
Director

Magnus Nordin
Managing Director

Auditor's endorsement

Our audit report was submitted on 17 April 2023.
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Tethys Oil AB (publ), corporate identity number 556615-8266

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Tethys Oil AB (publ) for the year 2022.

The annual accounts and consolidated accounts of the company are included on pages 38 – 72 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the management and the Managing Director made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Recoverability of the carrying value of oil and gas properties The carrying value of oil and gas properties amounted to MUSD 246.1 as per 31 December 2022 and the major part represented by the producing assets in Block 3&4 in Oman. The oil and gas properties relating to Block 3&4 in Oman amounted to MUSD 198.5 by 31 December 2022. During the year management follows a process to identify potential indicators of impairment and to the extent that indicators are identified impairment tests are prepared. The carrying value of oil and gas properties is supported by the higher of either value in use calculations or fair value less cost of disposal (recoverable amount). The assessment to identify potential impairment indicators and to perform impairment tests requires management to exercise significant judgement where there is a risk that the valuation of oil and gas properties and any potential impairment charge or reversal of impairment may be incorrect. Management's test requires consideration of a number of factors, including but not limited to, the Group's intention to proceed with a future work programme, the probability of success of future drilling, the size of proved, probable reserves as well as prospective resources, short and long term oil prices, future costs as well as the discount and inflation rates. Following the analysis of potential impairment indicators for Block 3&4 in Oman during the year and as per 31 December 2022 it was concluded that no impairment was recorded. Refer to pages 39–42 in the Directors' report, page 58–59 in the Accounting Policies and note 2 and 7 in the financial statements for more information.	We have audited management's assessment for determining the impairment indicators and concluded that there are no impairment indicators identified. The assumptions that underpin management's assessment are inherently judgmental. Our audit work therefore assessed the reasonableness of management's key judgements of the recoverable amount of Block 3&4. Specifically our work included, but was not limited to, the following procedures: • comparison of management´s short-term oil price assumptions against external oil price forward curves; • comparison of long-term oil price assumptions against views published by brokers, economists, consultancies and respected industry bodies, which provided a range of relevant third-party data points; • reconciliation of hydrocarbon production profiles to the combination of proved and probable reserves and contingent resources from reserve reports from ERC Equipoise Limited; • verification of estimated future costs by agreement to budgets and where applicable, third party data; • benchmarking of inflation and discount rates applied; • testing of the mathematical accuracy of the model We have obtained the estimation of proven and probable reserves and contingent resources certified by the group's external reserves auditor. Our work included but was not limited to: • determining that the group's process for collecting relevant reports were sufficiently robust; • assessing competence and objectivity of reserves auditor ERC Equipoise Limited, to satisfy ourselves they were appropriately qualified to carry out the volumes estimation; • validation of that the updated reserves and resources estimates were included appropriately in management's consideration of impairment and in accounting for depletion charges.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–28 and 34–37. Other information those not include the Financial statements, consolidated accounts and our audit report related to the Financial statements. The Board of Directors and the Managing Director are responsible for this other information. The information in the "Remuneration report 2022", which will be published on Tethys Oils webpage at the same time as this report is also considered other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Tethys Oil AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Tethys Oil AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my (our) ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, 405 32 Göteborg, was appointed auditor of Tethys Oil AB (publ) by the general meeting of the shareholders on the 19 May 2022 and has been the company's auditor since the 2001. The company has been listed at NasdaqOMX since the 2 May 2013.

Gothenburg, 17 April 2023

PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Tethys Oil's history

2001
Tethys Oil AB was founded in 2001

2002
Tethys Oil was awarded its first licence onshore Denmark

2004
IPO and listing on First North

2006
First Company-operated well drilled in Denmark

2007
Acquisition of interests in Blocks 3&4, Oman

2009
First drilling as a partner on Blocks 3&4

2010
20 percent of Blocks 3&4 farmed out to Mitsui
First production on Blocks 3&4

2011
Production of over 1,000 bopd

2012
EPSA for Blocks 3&4 extended until 2040
Three-year MSEK 400 bond loan issued

2013
Tethys Oil approved for listing on NASDAQ OMX Stockholm

2014
MSEK 400 bond redeemed

2015
Tethys Oil distributes SEK 3.00 per share to its shareholders

2016
Production in 2016 amounts to 12,235 bopd (before government take)

2017
Tethys Oil awarded Block 49 onshore Oman

2018
Record financial results and successful appraisal of contingent resources
SEK 2.00 paid in dividend; an amount that has been paid yearly since

2019
Record production from Blocks 3&4, Oman
Tethys Oil acquires 20 percent in Block 56 onshore Oman

2020
Tethys Oil awarded Block 58 onshore Oman
Tethys Oil acquires a further 45 percent interest in Block 56
Tethys Oil farms out 50 percent of Block 49

2021
The Thameen-1 exploration well is successfully drilled on Block 49

2022
Extensive and promising exploration activities on Block 56 and Block 58
The appraisal wells Al Jumd- 2, -3 and -4 is drilled on Block 56

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