Fourth quarter and year-end report – 31 December 2021

Fourth quarter 2021 (third quarter 2021)

- **Production of 10,659 barrels per day in the fourth quarter and full year 2021 average production of 11,136 barrels per day, in line with guidance provided in the third quarter 2021**
- **Improved profitability, EBITDA of MUSD 18.0 (MUSD 16.5) driven by rising achieved oil prices and higher Net Entitlement**
- **Non-cash exploration cost of MUSD -4.1 (MUSD -) relating to Thameen-1 well on Block 49**
- **Free cash flow of MUSD 9.4 (MUSD 13.1) in the fourth quarter**
- **EOG has notified Tethys Oil of its intention to withdraw from Block 49. Formal process of reassigning EOG's 50% to Tethys Oil is ongoing**
- **After the reporting period's end in early 2022, drilling commenced on the Al Jumd trend on Block 56, onshore Oman.**

Reserves and Contingent Resources

- **2P internal reserve replacement ratio of 82 percent (2020: 120 percent)**
- **Year-end 2021 2P Reserves of 26,174 mbo and 2C Contingent Resources of 15,600 mbo**

Dividend & Distribution

- **The board of directors proposes an ordinary dividend of SEK 2.00 per share (2021: SEK 2.00) and an extraordinary distribution of SEK 5.00 by way of a mandatory share redemption programme following the 2022 AGM (2021: SEK 2.00)**

2022 Outlook & Guidance

- **Full year average production expected to be between 11,000-11,500 barrels per day**
- **Operating expenditure expected to be USD 12 per barrel (+/- 0.5 per barrel)**
- **Investments in oil and gas properties is expected to be MUSD 91**

MUSD (unless specifically stated)	**Fourth quarter 2021**	Third quarter 2021	Fourth quarter 2020	**Full year 2021**	Full year 2020
Net daily production from Oman, Blocks 3&4 before government take (barrels per day)	**10,659**	11,280	11,072	11,136	11,336
Net entitlement barrels (bbl)	**432,469**	428,121	529,699	1,800,140	2,157,385
Net entitlement as share of production (percent)	**44%**	41%	52%	44%	52%
Achieved oil price, USD/bbl	**73.7**	66.7	42.3	62.8	47.7
Revenue and other income	**31.8**	29.4	22.3	112.7	101.1
EBITDA	**18.0**	16.5	10.2	61.4	50.4
Operating result	**4.0**	6.0	-0.7	16.1	5.8
Net result for the period	**4.1**	6.1	-2.9	16.7	3.3
Earnings per share (after dilution), USD	**0.12**	0.19	-0.09	0.51	0.10
Investments in oil and gas properties	**17.2**	9.2	11.0	35.2	45.4
Free cash flow	**9.4**	13.1	9.0	29.6	6.7
Net cash	**67.8**	58.5	55.1	67.8	55.1

Tethys Oil AB (publ)
Tethys Oil is a Swedish oil company with focus on onshore areas with known oil discoveries. The company's core area is the Sultanate of Oman, where it holds interests in Blocks 3&4, Block 49, Block 56 and Block 58. Tethys Oil has net working interest 2P reserves of 26.2 mmbo and net working interest 2C Contingent Resources of 15.6 mmbo and had an average oil production of 11,136 barrels per day from Blocks 3&4 during 2021. The company's shares are listed on Nasdaq Stockholm (TETY). Website: www.tethysoil.com

Letter to shareholders

Dear Friends and Investors,

2021 was a good year to be an oil company. As Covid-19 released its grip on society and the economy during the course of the year demand for our product returned, resulting in steadily increasing oil prices. For the full year, Tethys Oil's achieved selling price increased by more than 30 percent to average 62.80 USD per barrel compared to the year before. Fueled by the oil price increase our key financials have skyrocketed! Our net result is up by more than 400 percent, our operating result increased by close to 180 percent and our year-end cash position is up 22 percent compared to last year, leaving us with MUSD 68.6 of cash as we enter 2022. This record cash balance was reached whilst both investing in our assets but also returning more than MUSD 16 to our shareholders by way of dividends, redemptions, and share buybacks in the year.

In fact, since 2015 Tethys has distributed more than MUSD 135 million dollars to its shareholders while contributing over one billion dollars to the Sultanate of Oman's economy. The Board of Director's dividend and distribution proposal for 2022 will add a further MUSD 25 to that already impressive shareholder return tally.

The source of this cash distribution and the force behind our strong results in 2021 is our stake in our 'star' asset onshore Oman – Blocks 3&4. Over the last three years our share of production from the Blocks has amounted to close to 13 million barrels of oil whilst maintaining 2P reserves of more than 26 million barrels. In other words, we have consistently replaced our production with new reserves. 2021 is the first year in which we have replaced less than 100 percent of our production and we also saw a small drop in production compared to the year before (-1.7 percent).

At first look these numbers could be seen as a sign of weakness. But put in perspective they are actually numbers of great strength! Investments in Blocks 3&4 almost halved during 2020 and 2021 compared to previous years. Precipitously dropping oil prices and production limitations in 2020 led to massive cost savings and shutting in of producing wells. The 2021 outlook was cautions and the work programme limited. As conditions started to normalise by mid-2021, bottlenecks appeared, and back logs increased. In short it was not easy to get back to where we had been before.

As we enter 2022, we clearly see signs of under-investment. This will be remedied by a major increase in capital spending during 2022. Don't forget, these investments are subject to cost recovery. The majority of these investments on Blocks 3&4 will be repaid to us almost immediately in the form of increased Net Entitlement with only a small "haircut". Considered the drop in investments our production and reserves development in 2021 is indeed a sign of the tremendous resilience and robustness inherent in Blocks 3&4. And just to make this point even stronger. The overall asset base of 2P reserves and 2C contingent resources increased during 2021.

So, we have every reason to remain confident that Blocks 3&4 will continue to be the backbone of our financial strength for several years to come.

But Tethys Oil is more than Blocks 3&4. Since a few years back we have used our experience, and a portion of our cash flow from Blocks 3&4 to add other onshore Blocks to our portfolio in Oman. One of them, in particular, is looking very promising.

As we started to understand the potential of Blocks 3&4, now more than a decade ago, we described the Blocks as 'a smorgasbord of opportunities. Block 56 today offers a similar smorgasbord of opportunities of various shapes, sizes and value potential.

At the time of writing, we have started to evaluate the first of these opportunities on Block 56, the Al Jumd trend of leads and prospects in the North-western part of the Block. The initial work programme calls for establishing commercial viability through the drilling of a horizontal well Al Jumd-2 and putting this on a long-term production test while drilling two more wells to establish the reserve base in the area.

In the central part of the Block, we are halfway through a 2,000 km² seismic survey which should give us state-of-the-art 3D seismic data over three different petroleum plays and more than a dozen potential leads. We believe the central part of the Block holds the tastiest dishes of the Smorgasbord, but we must, alas, await the results later in 2022 before we can set our teeth in them.

A likely desert table, to push the metaphor, is Block 58 where we are working to mature some very interesting leads. Depending on the results here, including the result of a recently completed seismic study, Block 58 could come to complement Block 56 maybe also as a main dish.

To conclude our exploration portfolio, we expect to finalise a reservoir study of the sandstones in the Thameen well where we encountered an almost 40-metre gross hydrocarbon column last year that refused to flow to surface, however. The study will address several ways of stimulating the tight reservoir to release the hydrocarbons trapped within it. The results of the study will form the basis for our continued work in Block 49. The current license extension expires in June of this year so by that time we must have made up our mind as how to proceed.

As our partners EOG have advised that they wish to leave the Block, we are formalising the paperwork to go back to 100% ownership. We thank EOG for excellent partnering during 2021 and hope to have the opportunity to work with them again in the future.

We will have an active year and I expect to have many opportunities to write about all our Omani activities in upcoming letters throughout the year.

We will also have opportunity to address the more global questions of great importance for us and our industry and, for that matter our planet, such as Energy Transition, oil's place in the future world, as well as other ESG matters, more fully later in the year. First out will be our Sustainability Report and our Annual Report to be published in April.

So, stay with us. Many more letters to shareholders await to be written and read.

Stockholm, February 2022

Magnus Nordin,

Managing Director

Production & Operations

Licences and agreements

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

Licenses & Agreements	Tethys Oil Interest %	Phase	Expiry date	Partners (operator in bold)
Blocks 3&4, Oman	30	Production phase	December 2040	**CCED**, Mitsui E&P, Tethys Oil
Block 49, Oman	100	Initial exploration phase	June 2022	**Tethys Oil**
Block 56, Oman	65	Second exploration phase	December 2023	**Tethys Oil**, Medco Arabia, Biyaq, Intaj
Block 58, Oman	100	Initial exploration phase	July 2023	**Tethys Oil**

Production

Blocks 3&4

Tethys Oil's share of production from Blocks 3&4 during the fourth quarter of 2021, before government take, was 980,599 barrels of oil, corresponding to 10,659 barrels of oil per day or a decrease of six percent when compared to the previous quarter. The sequential decrease in production is an effect of operational issues experienced earlier in 2021 resulting in a lower than planned contribution of new production wells to offset the natural decline in the increasingly mature fields. The disruptive factors included surface operational issues, bottlenecks in water handling as well as delayed start-up of the drilling rigs that were put on standby in 2020. A majority of the disrupting factors were remedied by the end of the fourth quarter 2021.

While the production on Blocks 3&4 has been subject to the previously communicated OPEC+ production quotas this has not been a limiting factor in the fourth quarter 2021 and is not expected to be going forward.

Production	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Blocks 3&4					
Production, before Government take, bbl	**980,599**	1,037,768	1,003,750	1,042,686	1,018,653
Average daily production, barrels per day	**10,659**	11,280	11,030	11,585	11,072

Production and development activities

During the fourth quarter production and development operations on Blocks 3&4 continued its stepwise increase in activity. All three drilling rigs were active and operated undisrupted.

During the quarter priority was given to production assurance initiatives such as additional trunklines to provide redundancy, improved water handling capacity as well as increased well workovers. Long term projects to improve asset integrity and safety also conducted in the quarter in accordance with plans.

Three production wells were drilled on the Shahd I structure all of which have been hooked up to the production system.

Emission reduction initiatives

The gas utilisation project, which has been initiated to reduce the routine flaring of associated gas, is progressing. The aim of the project is to utilise the associated gas (produced as a biproduct of the produced crude oil) for local power generation with permanent facilities thus reducing the use of diesel-powered generators. The result is expected to be an overall reduction of emissions as well as a reduction of operating cost. The Front-End Engineering Design (FEED) study, including the hazard and operability study (HAZOP), continued in the fourth quarter and is expected to be concluded in early 2022. An Engineering, Procurement and Construction (EPC) contract is expected to be procured in 2022.

Exploration activities
The Mubash'er exploration well was drilled during the quarter and was found to be dry. Mubash'er, located 4 km east of the Shahd K structure in the southern part of Block 3, was targeting an untested play concept in the Ara group of formations. Post-well analysis is ongoing to determine the impact of the result on future exploration plans.

The 2021/2022 3D seismic acquisition campaign started in December 2021.The survey will cover a total of up to 3,500 km^2 in the southern part of Block 4, including areas east of the 2018 exploration well Luja-1, and is expected to be completed in the third or fourth quarter of 2022.

Hamdah-1, the first exploration well of the 2022 campaign, is expected to spud during the first quarter 2022 with the aim of proving a Khufai extension and open up a potential Abu Mahara play in the area. Initial targeted volumes are modest but with follow-on potential in nearby prospects.

Effects of Covid-19 on operations
While increased vaccinations and other mitigating measures have successfully reduced the spread of the coronavirus, precautions are still being taken. The rigorous testing and quarantining procedures remain in place and continue to cause minor disruptions to the operations.

Block 49

In the first quarter 2021, government approval was received for a 50 percent farmout transaction with a subsidiary of EOG Resources Inc ("EOG") and during the same quarter the Thameen-1 exploration well reached its final depth. Logs indicated a gross hydrocarbon column of close to forty metres in the primary target, the Hasirah Sandstone, but no flows were recorded at surface. Sidewall cores, fluid samples and pressure data has been further analysed together with an extensive log analysis. The results confirm a decent porosity but a low permeability. Extensive post drilling analysis points to some form of stimulation as the most probable course of action to achieve flows from the well, and an unconventional approach could be considered.

In the third and fourth quarter, Tethys Oil held discussions with partner EOG Resources Inc ("EOG") and other stakeholders on how to best pursue the unconventional potential of the Block. After the conclusion of these discussions, EOG notified Tethys Oil of its intention to withdraw from the EPSA with immediate effect. As a consequence, Tethys Oil is now in the formal process of assuming EOG's 50 percent interest and become the sole interest holder of the Block 49 EPSA. Tethys Oil does not anticipate any immediate financial effects of EOG's withdrawal from the EPSA but, as the sole interest holder, exploration expenses going forward will be funded solely by Tethys Oil.

In December 2021 Tethys Oil was notified by the Ministry of Energy and Minerals (MEM) that it had been granted a further six-month extension of the initial exploration phase of the EPSA, until June 2022. Tethys Oil retains the option to enter into the three-year second exploration phase of the EPSA and will in the coming quarter conduct studies to evaluate the feasibility of the application of unconventional completion and production methods to the Thameen-1 well. The outcome is expected to be a key determinant in the company's course of action with regards to a potential entry into the second phase.

Block 56

In the fourth quarter 2021 preparations for the three well drilling campaign on the Al Jumd trend in the northwestern part of the block intensified. Main areas of focus included civil works, drilling water supply wells in addition to procurement of services and supplies for a potential long term production test. The Schlumberger 279 drilling rig became available in late 2021 resulting in mobilisation at the Al Jumd-2 drill site in late January 2022 when drilling commenced.

The drilling campaign on the Al Jumd trend is aimed to explore and appraise the various plays in the area with particular focus on the Al Jumd discovery. In all, the trend holds 10 identified leads and prospects with modest volumes but potentially good development economics. The three well campaign includes the Al Jumd-2 and Sarha-3 appraisal wells, and the Sahab-1 exploration well. If successful, the Al Jumd-2 well is expected to be put on a long-term production test later in 2022. The three wells have a combined gross unrisked prospective resource potential of 7 mmbo. Drilling operations for each well is expected to last about 20 days.

During the fourth quarter the 3D seismic acquisition campaign covering more than 2,000 km^2 of the central area of the Block commenced. The seismic is being acquired in the form of a data purchase agreement with a subsidiary of PDO (Petroleum Development Oman). The acquisition campaign is expected to be completed in mid-March with data processing to commence later in 2022 with the aim of having drillable prospects available in 2023.

Block 58

A seismic survey on Block 58 was launched and completed during the fourth quarter. Over 450 km^2 of 3D seismic was acquired in the South Lahan area in the central and eastern portion of the Block bordering with PDO's Block 6. Tethys Oil has earlier identified a number of leads in the South Lahan area on the basis of 2D seismic acquired by previous operators. Processed 3D data is expected to be available to the company by the third quarter 2022 at which point interpretation and prospect maturation will start with the aim of having drillable prospects ready in early 2023.

In the Fahd area, in the north eastern corner of Block 58, seismic interpretation is ongoing. A cluster of leads, identified on legacy 3D seismic, are being matured to prospects. An exploration well in the Fahd area is planned to be drilled at the end of 2022.

Reserves and Contingent Resources

Oman, Blocks 3&4

Tethys Oil's net working interest Reserves in Blocks 3&4 Oman as per 31 December 2021 amount to 26,174 thousand barrels of oil ("mbo") of proven and probable Reserves (2P). The 2P reserve replacement ratio amounts to 82 percent. In addition, Tethys Oil's net working interest resources oil base in Oman amounts to 15,600 mbo of 2C Contingent Resources. The Company's 2021 and 2020 year-end Reserves reports were audited by ERC Equipoise Limited ("ERCE") as independent qualified Reserves evaluator.

Development of Reserves, Blocks 3&4 *(audited)*			
Mbo	**1P**	**2P**	**3P**
Total 31 December 2020	**17,948**	**26,922**	**37,874**
Production 2021	-4,057	-4,057	-4,057
Additions and revisions	3,366	3,309	5,587
Total 31 December 2021	**16,645**	**26,174**	**38,449**
Reserve replacement ratio, %	*83%*	*82%*	*137%*

Additions and revisions include maturation of Contingent Resources to Reserves from the ongoing appraisal program of Ulfa, Erfan and Anan fields as well as upside revisions of the Reserves on the Farha South and Shahd fields.

Based on ERCE's model and current oil price assumptions, Tethys Oil's net entitlement Reserves (Reserves after government take) amount to 7,825mbo of 1P, 10,786mbo of 2P and 14,233mbo 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 considered contingent upon the on-going appraisal programme, a committed work programme as well as budget to access these resources.

Contingent Resources, Blocks 3&4 *(audited)*			
Mbo	**1C**	**2C**	**3C**
Total 31 December 2021	**5,640**	**15,600**	**33,360**

The audit 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) and Society of Petroleum Evaluation Engineers (SPEE).

2022 Outlook and Guidance

Production Guidance

Tethys Oil expects full year 2022 average production to be in the range of 11,000-11,500 barrels of oil per day with the outcome dependent upon the performance and timing of the wells to be drilled in the 2022 work programme. 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, investments and work program 2022

Tethys Oil expects 2022 operating expenditures to be USD 12 per barrel (+/- 0.5 per barrel). The anticipated increase in operating expenditure is a result of multiple factors including (but not limited to) underlying wage inflation, increased fuel prices and third-party costs as a result of higher activity levels compared to 2021.

Tethys Oil's investments in oil and gas properties for 2022 is expected to amount to MUSD 91. The increase in oil and gas investments compared to 2021 (MUSD: 35.2) is primarily a result of a combination of deferred spending from 2021 as well as increased scope of activity. 2021 oil and gas investments were positively impacted by the effect of the farmout proceeds and carry from EOG on Block 49 (MUSD 15.2). The majority of oil and gas investments relating to the Blocks operated by Tethys Oil are expected to be incurred in the first half of 2022 with resulting cash flow impact. The 2022 investments in oil and gas properties are expected to be funded by the Group's cash flows as well as cash on hand.

Investments on Blocks 3&4 are expected to be MUSD 62 (2021: MUSD 30.3). The increased expenditure is due to the full year operation of three drilling rigs, upgrade and expansion of production facilities, field infrastructure improvements and 3D seismic acquisition.

2022 spending on Block 49 is expected to be MUSD 0.5 (2021: MUSD -7.9) with expenditure focusing on a feasibility study of the application of unconventional completion and production techniques on the Thameen-1 well.

On Block 56, Tethys Oil's 2022 investments, including carry arrangements, is expected to amount to a total of MUSD 20 (2021: MUSD 7.9). The expenditure includes the drilling of the three wells in the Al Jumd area, subsequent well testing and the 3D seismic survey on the central area of the Block.

On Block 58 Tethys Oil's 2022 investments are expected to amount to MUSD 8.5 (2021: MUSD 4.8) to cover the expense related to seismic processing and the drilling of one exploration well.

Financial Review

Income Statement

Production entitlement and sales

Tethys Oil's oil sales derives from its 30 percent interest in Blocks 3&4. The share of oil production from Blocks 3&4 which Tethys Oil is entitled to sell ("Net Entitlement") is calculated in accordance with the terms of the EPSA. The Net Entitlement is made up of two components: Cost Oil and Profit Oil. The Cost Oil is the value of recoverable costs incurred in the period and any outstanding balance of unrecovered historical cost from previous periods ("the Cost Pool"). The total amount of Cost Oil included in the Net Entitlement for a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP"). What remains after the deduction of Cost Oil is Profit Oil, the majority of which is the government's take according to a fixed percentage. Net Entitlement is calculated on a monthly basis and is the quantity of oil available for Tethys Oil to sell.

During the fourth quarter 2021, Net Entitlement increased by one percent to 432,469 barrels (Q3 2021: 428,121 barrels). The increased number of entitlement barrels is a result of the combination of lower production, higher recoverable costs incurred somewhat offset by a higher Average Official Selling Price ("Average OSP")[1] in the quarter. The Net Entitlement share of production increased to 44 percent in the quarter (Q3 2021: 41 percent). The average OSP was USD 74.6 per barrel in the fourth quarter 2021, an increase of 6 percent compared to the third quarter 2021. During the fourth quarter 2021 all recoverable costs incurred on Blocks 3&4 were recovered through Cost Oil, and as a result there was no Cost Pool at the end of the quarter.

Production entitlement and sales	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Blocks 3&4					
Production, before Government take, bbl	**980,599**	1,037,768	1,003,750	1,042,686	1,018,653
Net Entitlement barrels, bbl	**432,469**	428,121	420,655	518,895	529,699
Net Entitlement share of production, percent	**44%**	41%	42%	50%	52%
Oil sales bbl	**514,683**	448,740	477,708	367,726	547,338
Underlift (+) / overlift (-), movement, bbl	**-82,214**	-20,619	-57,053	151,169	-17,638
Underlift (+) / overlift (-), closing position, bbl	**-11,886**	70,328	90,947	148,000	-3,169

During the fourth quarter 2021, Tethys Oil sold 514,683 barrels of oil from Blocks 3&4 compared to 448,740 barrels of oil in the third quarter 2021, an increase of 15 percent. Fourth quarter oil sales included 143,406 barrels from the September nomination lifted in October. As a result of logistical difficulties at the export terminal there has been a recurrence of delayed liftings throughout the year. As of the end of the fourth quarter 2021 the issues have been resolved and the December nomination was lifted as planned.

As of 31 December 2021, Tethys Oil had an overlift position of 11,886 barrels compared to an underlift position of 70,328 barrels at 30 September 2021.[2]

[1] Tethys Oil's monthly sales are priced using Oman's Official Selling Price (OSP) which is calculated using the monthly average price of the front month futures contract of Oman blend (with 2 months to delivery) as traded on the Dubai Mercantile Exchange, including trading and quality adjustments. The Average OSP is calculated as the production weighted average of the monthly Official Selling Price (OSP) for Omani Export Blend in the quarter and does not take into consideration the timing of monthly liftings, and any trading and quality adjustments (as is the case with the Achieved oil price).

[2] Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to a service provider under a long term contract. Oil sales volumes are nominated by Tethys Oil two to three months in advance and are not based upon the actual production in a month; as a result, the Group's oil sales volumes can be above or below production entitlement volumes. Where the oil sales volume exceeds the volume of entitlement barrels produced, an overlift position occurs and where it is less, an underlift position occurs. Tethys Oil is contractually obliged to maintain a neutral under-/overlift position over time.

Revenue and other income

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

The achieved oil price in the fourth quarter 2021 amounted to USD 73.7 per barrel, an increase of USD 7.0 per barrel, from USD 66.7 per barrel in the third quarter 2021. The achieved oil price in the fourth quarter reflects the pricing of the September, October, November, and December liftings and is therefore USD 0.3 per barrel lower than if the September nomination had not been included.

Revenue and other income	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Achieved oil price, USD/bbl	**73.7**	66.7	59.7	46.7	42.3
Revenue, MUSD	**37.9**	30.0	28.5	17.2	23.1
Underlift (+) / Overlift (-) adjustment, MUSD	**-6.1**	-0.6	-2.4	8.2	-0.8
Revenue and other income, MUSD	**31.8**	**29.4**	**26.1**	**25.4**	**22.3**

Revenue in the fourth quarter 2021 was MUSD 37.9 compared to MUSD 30.0 in the third quarter 2021, an increase of 26% percent. The increase in revenue compared to the third quarter is a result of a combination of higher oil prices and the inclusion of the volumes from the September lifting nomination. A movement from a significant underlift to an overlift position as well as the increase in oil price in the fourth quarter 2021, give rise to an overlift adjustment of MUSD -6.1 (MUSD -0.6). Revenue and other income in the fourth quarter 2021 amounted to MUSD 31.8 compared to MUSD 29.4 in the third quarter 2021.

Operating expenses

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

Operating expenses	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Production costs, MUSD	**10.8**	10.1	9.5	10.7	9.1
Well workovers, MUSD	**0.5**	0.7	0.4	1.2	0.9
Total operating expenses, MUSD	**11.3**	**10.8**	**9.9**	**11.9**	**10.0**
Operating expenses per barrel, USD	**11.5**	10.4	9.9	11.4	9.8

Operating expenses, including costs for well workovers and interventions, for the fourth quarter 2021 amounted to MUSD 11.3 an increase compared to the third quarter 2021, when operating expenditure amounted to MUSD 10.8. The increased operating expense was in all categories resulting from an increase in activity. The increase in total expense in conjunction with lower production resulted in a per barrel increase of operating expenses to USD 11.5 compared to USD 10.4 in the third quarter 2021.

Depletion, depreciation and amortisation

DD&A	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
DD&A, MUSD	**9.9**	10.5	10.2	10.6	10.9
DD&A per barrel, USD	**10.1**	10.1	10.2	10.2	10.6

Depletion, depreciation and amortisation ("DD&A") is comprised of two components; a straight-line depreciation component and unit of production component and relates predominantly to the group's oil and gas properties. During the fourth quarter 2021 DD&A amounted to MUSD 9.9, compared to MUSD 10.5 in the third quarter 2021. The lower DD&A in the fourth quarter is a result of lower production volumes. DD&A also includes depreciation relating to leases under IFRS 16 of MUSD 0.1 annually.

Administrative expenses

Administrative expenses for the fourth quarter 2021 amounted to MUSD 2.5 compared to MUSD 2.1 in the third quarter 2021. Administrative expenses mainly comprise of staff costs, rents, listing costs and external services. The administrative expenses in the fourth quarter 2021 increased primarily as a result of increased staff and consultants.

Exploration Costs

Exploration costs amounting to MUSD 4.1 (MUSD -) were recorded in the income statement for the fourth quarter 2021 and is related to the write down of the remaining capitalised costs from the drilling of the Thameen-1 well on Block 49. Exploration and appraisal costs are capitalised as they are incurred and subject to regular review. Dry or uneconomic wells are expensed when the recoverability of the costs is deemed unlikely.

Operating result and EBITDA

The operating result in the fourth quarter 2021 amounted to MUSD 4.0 compared to MUSD 6.0 in the third quarter 2021. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to MUSD 18.0 (MUSD 16.5) in the fourth quarter 2021, an increase of 9 percent compared to the previous quarter 2021.

Net financial result

The net financial result in the fourth quarter 2021 amounted to MUSD 0.1 compared to MUSD 0.1 in the third quarter 2021. The net financial result for the fourth quarter 2021is mainly comprised of currency exchange gains resulting from the appreciation of the SEK to the USD. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash items.

Tax

Tethys Oil's oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement for each block ("EPSA") whereby Tethys Oil receives its share of oil after government take. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil, from the government share of oil. The effect of these taxes is netted against revenue and other income in the income statement. See note 6 for further details.

Result

Tethys Oil's net result after tax for the fourth quarter 2021 was MUSD 4.1 representing earnings per share (after dilution) of USD 0.12. The result for the fourth quarter 2021 was lower compared to the third quarter 2021 when the net result amounted to MUSD 6.1, with earnings per share (after dilution) of USD 0.19.

Netback

Netback, USD/bbl	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Achieved oil price	**73.7**	66.7	59.7	46.7	42.3
Net revenue (after government take)	**32.5**	27.6	25.0	23.2	22.0
Operating expenses	**11.5**	10.4	9.9	11.4	9.8
Netback	**21.0**	**17.2**	**15.2**	**11.8**	**12.2**

In the fourth quarter, the higher Achieved oil price in combination with a higher net entitlement share resulted in a higher Net revenue per barrel compared to the third quarter. Despite an increase in opex, the higher Net revenue resulted in a 22 percent increase in Netback per barrel in the fourth quarter 2021 compared to the third quarter 2021.

Financial treatment and effects of farmin and farmout transactions in 2021

The farmout agreement with EOG for 50 percent interest in the EPSA for Block 49 was concluded in the first quarter 2021 following the receipt of government approval. Following completion, the initial cash consideration (relating to reimbursement of historically incurred cost under the EPSA) of MUSD 8.8 was received which reduced oil and gas properties with the corresponding amount. Under the terms of the farmout, EOG agreed to carry the total cost of the Thameen-1 well up to a cap of MUSD 15.0 (net of the initial consideration amount). At the start of the third quarter 2021 Tethys Oil received a payment of MUSD 8.2 from EOG which included the final consideration under the farmout as well as EOG's share of subsequent expenditure relating to well testing and evaluation.

In the fourth quarter 2021 EOG notified Tethys Oil of its intention to withdraw from the EPSA for Block 49 and reassign its interest to Tethys. As follows from EOG's decision Tethys Oil is now in the formal process of assuming EOGs interest and thus becoming holder of 100 percent of the Block 49 EPSA. Tethys Oil does not anticipate any immediate financial effects of EOG's withdrawal from the EPSA.

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

Financial position and cash flow

Assets and equity

The Group's total assets at 31 December 2021 amounted to MUSD 284.5 (MUSD 275.1) of which MUSD 204.9 were Oil and Gas properties (MUSD 202.2). Shareholder's equity at 31 December 2021 was MUSD 256.6 compared to MUSD 253.0 at 30 September 2021.

Balance Sheet	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Non-current assets					
Oil and gas properties	**204.9**	202.2	203.5	205.3	215.3
Other fixed assets	**1.1**	1.2	0.9	0.2	0.3
Current Assets					
Other current assets	**9.9**	12.3	15.4	17.1	9.3
Cash and cash equivalents	**68.6**	59.4	46.2	57.0	55.4
Total assets	**284.5**	**275.1**	**266.0**	**279.6**	**280.3**
Shareholders' equity	**256.6**	253.0	247.2	258.3	257.7
Non-current liabilities	**13.8**	13.9	13.5	12.7	12.8
Current liabilities	**14.1**	8.2	5.3	8.6	9.8
Total Equity & Liabilities	**284.5**	**275.1**	**266.0**	**279.6**	**280.3**

Liquidity and financing

Cash and cash equivalents at 31 December 2021 amounted to MUSD 68.6 compared to MUSD 59.4 at 30 September 2021. Net cash at 31 December 2021 was MUSD 67.8 compared to MUSD 58.5 at 30 September 2021.

Cash flow and investments

Cash flow	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Cash Flow from Operations	**26.5**	22.3	13.3	2.8	19.6
Cash flow from Investments	**-17.2**	-9.2	-8.4	-0.5	-10.6
Free Cash flow	**9.4**	13.1	4.9	2.3	9.0
Cash flow from Financing Activities	**-0.2**	-0.1	-15.5	-0.7	-1.8
Period Cash Flow	**9.2**	**13.0**	**-10.6**	**1.6**	**7.2**

During the fourth quarter 2021, cash flow from operations amounted to MUSD 26.5 (MUSD 22.3) impacted by an increased result and positive change in working capital of MUSD 8.4 (MUSD 5.9). Cash flow from investments increased as a result of increased investments in oil and gas properties on three out of four Blocks.

Investments, MUSD	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Drilling	6.0	5.0	4.0	2.5	3.9
G&G	1.4	0.8	0.9	1.0	1.3
Facilities	3.1	2.2	2.1	1.4	2.6
Total investments Blocks 3&4	**10.5**	**8.0**	**7.0**	**4.9**	**7.8**
Block 49	0.5	0.8	0.3	-9.4	2.9
Block 56	1.5	0.3	1.1	5.0	0.2
Block 58	4.7	0.1	0.0	0.0	0.2
Total investments in Oil & Gas properties	**17.2**	**9.2**	**8.4**	**0.5**	**11.0**
Other	0.0	0.0	0.0	0.0	-0.4
Total investments	**17.2**	**9.2**	**8.4**	**0.5**	**10.6**

In the fourth quarter total investments increased to MUSD 17.2 (MUSD 9.2). Capital investments on Blocks 3&4 increased to MUSD 10.5 in the fourth quarter compared to MUSD 8.0 the third quarter 2021. The increase was primarily driven by increased facilities, pipeline, and G&G expenditure. Capital investments on Block 49 was MUSD 0.5 (MUSD 0.8). Investments on Block 56 was MUSD 1.5 (MUSD 0.3). Investments on Block 58 was MUSD 4.7(MUSD 0.1).

Cash flow from financing activities in the fourth quarter was MUSD -0.2 (MUSD -0.1) which is the expense related to share repurchases. Free cash flow (cash flow after investments) was MUSD 9.4 (MUSD 13.1) and cash flow for the period was MUSD 9.2 (MUSD 13.0).

Parent Company, Dividend & Share data

The parent company operating loss in the fourth quarter 2021 amounted to MSEK -9.3 compared to MSEK -7.8 for the third quarter 2021. Administration expenses during the period was MSEK 12.5 compared to MSEK 12.7 in the previous period.

The Net financial result in the fourth quarter 2021 amounted to MSEK 353.7 (MSEK 15.1), which included dividends from group companies of MSEK 350. The Net financial result also consisted of currency exchange gains on intercompany loans, cash and payables of MSEK 2.6 (MSEK 2.8) and interest income of MSEK 1.1 compared to MSEK 12.3 for the third quarter 2021.

Share data

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

During the first quarter 2021 Tethys Oil repurchased 120,088 shares under the share repurchase programme initiated by the Board of Directors in December 2020 based on the authorisation from the AGM 2020. The total volume of Tethys Oil shares which have been repurchased within the scope of the programme from 11 December 2020 up to 8 February 2021 was 435,640 shares.

On 9 September 2021 the Board of Directors decided, based on the authorisation from the AGM 2021, to initiate a share buy-back programme. Since the initiation of the share buy-back programme and until 31 December 2021 the Company has repurchased a total of 39,033 shares. As of 31 December 2021, Tethys Oil held 474,673 shares in treasury – the equivalent of 1.4 percent of the shares in issuance.

For the complete repurchase authorisation, please refer to Tethys Oil's website, www.tethysoil.com.

Tethys Oil currently has three active warrant-based incentive programmes for employees, (for further information please see Note 11) which, if exercised can result in the issuance of up to 959,500 new shares (a potential 2,9 percent increase of total shares in issue). During the fourth quarter 2021 the Tethys Oil share price was above the subscription price of one of the three programmes, thus resulting in a calculated potential dilution effect on the average number of shares outstanding. During the quarter the exercise period for the 2018 warrant programme expired without any warrants having been exercised.

Dividend and Distribution Proposal

The board of directors proposes a dividend of SEK 2.00 per share (AGM 2021: SEK 2.00).

The board of directors proposes an extraordinary distribution to shareholders of SEK 5.00 per share by way of a mandatory share redemption programme following the AGM 2022 (AGM 2021: SEK 2.00). Further details are to follow in the proposal to the 2022 AGM.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	**Fourth quarter 2021**	Fourth quarter 2020	**Full year 2021**	Full year 2020
Revenue and other income	3	**31.8**	**22.3**	**112.7**	**101.1**
Operating expenses		-11.3	-10.0	-43.8	-43.4
Gross profit		**20.5**	**12.3**	**68.9**	**57.7**
Depletion, depreciation and amortisation	2, 5	-9.9	-10.9	-41.2	-44.5
Exploration costs	5	-4.1	0.0	-4.1	0.0
Administrative expenses		-2.5	-2.1	-7.5	-7.3
Operating result		**4.0**	**-0.7**	**16.1**	**5.8**
Net financial result	4	**0.1**	**-2.2**	**0.6**	**-2.5**
Result before tax		**4.1**	**-2.9**	**16.7**	**3.3**
Income tax	6	**-**	0.0	-	0.0
Net result		**4.1**	**-2.9**	**16.7**	**3.3**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences		-0.4	2.2	-1.5	3.7
Other comprehensive income		-0.4	2.2	-1.5	3.7
Total comprehensive income		**3.7**	**-0.7**	**15.2**	**7.0**
Result per shares					
Shareholders in the parent company		3.7	-0.7	15.2	7.0
Non-controlling interest			-		-
Weighted average number of shares (before dilution)		32,602,037	33,037,764	32,619,054	33,321,353
Weighted average number of shares (after dilution)		32,667,882	33,037,764	32,660,948	33,328,099
Earnings per share (before dilution), USD		0.12	-0.09	0.51	0.10
Earnings per share (after dilution), USD		0.12	-0.09	0.51	0.10

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Oil and gas properties	5	204.9	215.3
Other fixed assets		1.1	0.3
		206.0	**215.6**
Current assets			
Trade and other receivables	7	9.2	9.1
Prepaid expenses	7	0.7	0.2
Cash and cash equivalents		68.6	55.4
		78.5	**64.7**
TOTAL ASSETS		**284.5**	**280.3**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		0.3	1.8
Retained earnings		179.2	178.8
Total shareholders' equity		**256.6**	**257.7**
Non-current liabilities			
Non-current provisions	8	13.0	12.5
Other non-current liabilities	9	0.8	0.3
		13.8	**12.8**
Current liabilities			
Accounts payable and other current liabilities	10	14.1	9.8
		14.1	**9.8**
Total liabilities		**27.9**	**22.6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**284.5**	**280.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Attributable to shareholders of the parent company					
MUSD	**Share capital**	**Paid in capital**	**Reserves**	**Retained earnings**	**Total equity**
Opening balance 1 January 2020	**0.8**	**76.3**	**-1.9**	**201.1**	**276.3**
Net result 2020	-	-	-	3.3	**3.3**
Other comprehensive income	-	-	3.7	-	**3.7**
Total comprehensive income	**-**	**-**	**3.7**	**3.3**	**7.0**
Transactions with owners					
Repurchase of shares	-	-	-	-8.3	**-8.3**
Dividend	-	-	-	-7.0	**-7.0**
Share redemption	-	-	-	-10.6	**-10.6**
Incentive programme	-	-	-	0.3	**0.3**
Total transactions with owners	**-**	**-**	**-**	**-25.6**	**-25.6**
Closing balance 31 December 2020	**0.8**	**76.3**	**1.8**	**178.8**	**257.7**
Opening balance 1 January 2021	**0.8**	**76.3**	**1.8**	**178.8**	**257.7**
Net result for twelve months 2021	-	-	-	16.7	**16.7**
Other comprehensive income for twelve months	-	-	-1.5	-	**-1.5**
Total comprehensive income	**-**	**-**	**-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	**-**	**-**	**-**	**-16.3**	**-16.3**
Closing balance 31 December 2021	**0.8**	**76.3**	**0.3**	**179.2**	**256.6**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	Fourth quarter 2021	Fourth quarter 2020	Full year 2021	Full year 2020
Cash flow from operations					
Operating result		4.0	-0.7	16.1	5.8
Interest received	4	-	0.0	-	0.1
Interest paid		-	-	-	-
Adjustment for exploration costs		4.1	0.0	4.1	0.0
Adjustment for depletion, depreciation and other non-cash related items		10.0	10.6	41.0	46.2
Total cash flow from operations before change in working capital		**18.1**	**10.0**	**61.2**	**52.2**
Change in receivables		2.4	4.3	-0.6	3.0
Change in liabilities		6.0	5.3	4.3	-3.1
Cash flow from operations		**26.5**	**19.6**	**64.9**	**52.1**
Investment activity					
Investment in oil and gas properties	5	-17.2	-11.0	-35.2	-45.4
Investment in other fixed assets		-	0.4	-	-
Cash flow from investment activity		**-17.2**	**-10.6**	**-35.2**	**-45.4**
Financing activity					
Repurchase of shares		-0.2	-1.8	-1.0	-8.3
Dividend		-	-	-7.8	-7.0
Share redemption		-	-	-7.7	-10.6
Cash flow from financing activity		**-0.2**	**-1.8**	**-16.5**	**-25.9**
Period cash flow		**9.2**	**7.2**	**13.1**	**-19.2**
Cash and cash equivalents at the beginning of the period		59.4	48.3	55.4	75.6
Exchange gains/losses on cash and cash equivalents		0.0	-0.1	0.1	-1.0
Cash and cash equivalents at the end of the period		**68.6**	**55.4**	**68.6**	**55.4**

KEY RATIOS

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

Group	**Fourth quarter 2021**	Fourth quarter 2020	**Full year 2021**	Full year 2020
Operational items				
Production before government take, Oman Blocks 3&4, bbl	980,599	1,018,653	4,064,803	4,148,818
Production per day, Oman Blocks 3&4, bbl	10,659	11,072	11,136	11,336
Oil sales, bbl	514,683	547,338	1,808,857	2,317,875
Achieved oil price, USD/bbl	73.7	42.3	62.8	47.7
Income statement and balance sheet				
Revenue and other income, MUSD	31.8	22.3	112.7	101.1
EBITDA, MUSD	18.0	10.2	61.4	50.4
EBITDA-margin	57%	46%	54%	50%
Operating result, MUSD	4.0	-0.7	16.1	5.8
Operating margin	12%	-3%	14%	6%
Cash and cash equivalents, MUSD	68.6	55.4	68.6	55.4
Shareholders' equity, MUSD	256.6	257.7	256.6	257.7
Balance sheet total, MUSD	284.5	280.3	284.5	280.3
Capital structure				
Equity ratio	90%	92%	90%	92%
Leverage ratio	neg.	neg.	neg.	neg.
Investments in oil and gas properties, MUSD	17.2	11.0	35.2	45.4
Net cash, MUSD	67.8	55.1	67.8	55.1
Profitability				
Return on shareholders' equity (rolling 12 months)	6.46%	1.27%	6.46%	1.27%
Return on capital employed[3] (rolling 12 months)	5.92%	2.12%	5.92%	2.12%
Other				
Average number of full-time employees	28	22	27	23
Distribution per share, SEK	-	-	4.00	5.00
Cash flow from operations per share, USD	0.77	0.59	1.59	1.59
Number of shares at period end, ´000	33,066	33,057	33,066	33,057
Shareholders' equity per share, USD	7.76	7.79	7.76	7.87
Weighted average number of shares (before dilution), ´000	32,602	33,038	32,619	33,321
Weighted average number of shares (after dilution), ´000	32,668	33,038	32,661	33,328
Earnings per share before dilution, USD	0.12	-0.09	0.51	0.10
Earnings per share after dilution, USD	0.12	-0.09	0.51	0.10

[3] *Return on capital employed definition; Net result plus financial net result as a percentage of average capital employed (total assets less non-interest-bearing liabilities).*

Key quarterly data

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net daily production before government take, Blocks 3&4, bbl	10,659	11,280	11,030	11,585	11,072
Net entitlement barrels, bbl	432,469	428,121	420,655	518,895	529,699
Net entitlement share of production, percent	44%	41%	42%	50%	52%
Oil sales, bbl	514,683	448,740	477,708	367,726	547,338
Achieved oil price, USD/bbl	73.7	66.7	59.7	46.7	42.3
Revenue and other income, MUSD	31.8	29.4	26.1	25.4	22.3
EBITDA, MUSD	18.0	16.5	14.5	12.3	10.2
Operating result, MUSD	4.0	6.0	4.3	1.7	-0.7
Earnings per share after dilution, USD	0.12	0.19	0.10	0.09	-0.09
Cash flow from operations, MUSD	26.5	22.3	13.3	2.8	19.6
Investment in oil and gas properties, MUSD	17.2	9.2	8.4	0.5	11.0
Free cash flow, MUSD	9.4	13.1	4.9	2.3	9.0
Net cash, MUSD	67.8	58.5	45.5	57.0	55.1
Share price end of period, SEK	62.3	60.8	58.4	64.9	49.2

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

Relevant reconciliations of alternative performance measures

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

MUSD	**Fourth quarter 2021**	Fourth quarter 2020	**Full year 2021**	Full year 2020
Operating result	4.0	-0.7	16.1	5.8
Add: Depreciation. depletion and amortisation	9.9	10.9	41.2	44.5
Add: Exploration costs	4.1	-	4.1	-
EBITDA	**18.0**	**10.2**	**61.4**	**50.3**
Cash and cash equivalents	68.6	55.4	68.6	55.4
Less: Interest bearing debt	-0.8	-0.3	-0.8	-0.3
Net cash	**67.8**	**55.1**	**67.8**	**55.1**

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	**Fourth quarter 2021**	Fourth quarter 2020	**Full year 2021**	Full year 2020
Other income		3.2	1.4	14.6	12.8
Administrative expenses	11	-12.5	-12.7	-40.2	-48.2
Operating result		**-9.3**	**-11.3**	**-25.6**	**-35.4**
Net financial result	4	353.7	42.9	386.5	58.1
Result before tax		**344.4**	**31.6**	**360.9**	**22.7**
Income tax					
Result for the period[1]		**344.4**	**31.6**	**360.9**	**22.7**

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

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	Note	**31 Dec 2021**	31 Dec 2020
ASSETS			
Total non current assets		510.5	338.9
Other current assets		79.9	39.1
TOTAL ASSETS		**590.4**	**378.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		386.1	162.7
Total current liabilities		127.2	138.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**590.4**	**378.0**

NOTES

General information

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

Accounting principles

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

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

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

Tethys Oil applies the ESMA's (European Securities and Markets Authority) guidelines for alternative performance measures. Definitions of performance measures are provided in the 2020 Annual Report and the relevant reconciliations can be found on **20** of this report.

Exchange rates

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

	31 December 2021		31 December 2020	
Currency	**Average**	**Period end**	Average	Period end
SEK/USD	8.56	9.04	9.19	8.19
SEK/EUR	10.14	10.23	10.49	10.04

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

Fair value

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

IFRS 9 valuation categories and related balance sheet items

	31 December 2021			31 December 2020		
MUSD	**Financial assets and liabilities at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	9.2	-	-	9.1	-
Cash and bank	-	68.6	-	-	55.4	-
Other non current liabilities	-	-	0.8	-	-	0.3
Accounts payables and other current liabilities	-	-	14.1	-	-	9.8

Note 1) Risks and uncertainties

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

Operational risk

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

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

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

Financial risk

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

Covid-19 Risks

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

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

The impact of the Covid-19 pandemic and the restrictions on movement and travel that have been implemented has had a significant effect on global economic activity and demand for oil during 2020 and continued to do so in 2021. At the beginning of the pandemic, in 2020, oil producers were unable to reduce output at the same pace as demand fell resulting in a significant imbalance in supply and demand for oil. As a result of the supply/demand imbalance, oil prices fell significantly during the first six months of the year and certain crude oil qualities traded at negative prices, albeit for short periods of time. Following the production limitations imposed by OPEC+, the oil price has gradually strengthened since early June 2020. Since the start of 2021, oil prices have risen from USD 50 to over USD 80 per barrel and closed 31 December 2021 at USD 77.89 per barrel.

The Covid-19 pandemic's impact on the economy and energy prices, and the risk to Tethys Oil's ability to conduct its operations profitably and without disruption is currently subject to significant uncertainty. The lower oil prices impacted Tethys Oil's profitability and cash flows in 2020. Given the uncertainty surrounding the development of the pandemic it cannot be ruled out that oil prices will, once again fall significantly and thus have a longer-term impact on the group's profitability and financial standing. Should oil prices decline to the levels experience in 2020s and remain low, the risk of a future impairment of the Group's oil and gas assets cannot be ruled out.

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

Note 2) Segment reporting

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

Group income statement Jan-Dec 2021				**MUSD**
Total	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income[1]	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[1]				
Oman	112.7	-	-	**112.7**
Other	-	-	-	**-**

Group income statement Jan-Dec 2020				**MUSD**
Total	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income[1]	101.1	-	-	**101.1**
Operating expenses	-43.4	-	-	**-43.4**
Depreciation, depletion and amortisation	-44.3	-	-0.2	**-44.5**
Exploration costs	-	-	-0.0	**-0.0**
Administrative expenses	-2.5	-	-4.8	**-7.3**
Operating result	**10.8**	**-**	**-5.0**	**5.8**
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income[1]				
Oman	101.1	-	-	**101.1**
Other	-	-	-	**-**

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

Note 3) Revenue and other income

MUSD	Fourth quarter 2021	Fourth quarter 2020	Full year 2021	Full year 2020
Revenue	37.9	23.1	113.5	110.7
Underlift (+) /overlift (-), adjustments	-6.1	-0.8	-0.8	-9.6
Revenue and other income	**31.8**	**22.3**	**112.7**	**101.1**

Note 4) Net financial result

Group MUSD	Fourth quarter 2021	Fourth quarter 2020	Full year 2021	Full year 2020
Financial income:				
Interest income	-	0.0	-	0.1
Currency exchange gain, net	0.3	-	1.3	-
Financial costs:				
Interest costs	-0.0	-0.0	-0.0	-0.0
Currency exchange loss, net	-	-2.0	-	-2.0
Other financial costs	-0.2	-0.2	-0.7	-0.6
Net financial result	**0.1**	**-2.2**	**0.6**	**-2.5**

Parent company MSEK	Fourth quarter 2021	Fourth quarter 2020	Full year 2021	Full year 2020
Financial income:				
Interest income	1.1	3.7	24.9	18.8
Currency exchange gain, net	2.6	-	11.6	-
Dividend group companies	350.0	57.3	350.0	57.3
Financial costs:				
Interest costs	-	-	-	0.0
Currency exchange loss, net	-	-18.1	-	-18.0
Other financial costs	-0.0	-	-0.0	0.0
Net financial result	**353.7**	**42.9**	**386.5**	**58.1**

Note 5) Oil and gas properties

MUSD Asset	Phase	Tethys Oil's share	31 Dec 21	Investments	DD&A	Site restoration	Exploration cost	31 Dec 20
Blocks 3&4, Oman	Prod.	30%	**180.9**	30.4	-41.1	-0.4	-	191.9
Block 49, Oman	Expl.	100%	**0.4**	-7.9[1]	-	-0.2	-4.1	12.6
Block 56, Oman	Expl.	65%	**16.7**	7.9	-	-	-	8.8
Block 58, Oman	Expl.	100%	**6.6**	4.8	-	-	-	1.8
New ventures			**0.3**	0.0	-	-	-	0.3
Total			**204.9**	**35.2**	**-41.1**	**-0.5**	**-4.1**	215.3

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

Note 6) Income tax

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 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 2021 is MUSD 45.0 (2020: MUSD 30.8).

Note 7) Other receivables and prepaid expenses

MUSD	31 Dec 2021	31 Dec 2020
VAT	0.3	0.2
Trade receivable oil sale	7.2	8.9
Joint operation receivables	1.7	-
Prepaid expenses	0.7	0.2
Total	**9.9**	9.3

Note 8) Provisions

The net present value of Tethys Oil's share of estimated site restoration costs for Blocks 3&4 and Block 49 amounts to MUSD 13.0 (2020: MUSD 12.5) of which MUSD 12.8 relates to Block 3&4 (2020: MUSD 12.5) and MUSD 0.2 (2020 MUSD -) is related to Block 49. The increase in provision for site restoration reflects changes in cost estimates and the net present value.

Note 9) Other non-current liabilities

MUSD	31 Dec 2021	31 Dec 2020
Long term leases	0.8	0.3
Total	**0.8**	**0.3**

Note 10) Accounts payable and other current liabilities

MUSD	31 Dec 2021	31 Dec 2020
Accounts payable	0.3	0.6
Joint operations payables	11.6	5.3
Overlift position	1.0	0.1
Short term leases	0.3	-
Other current liabilities	0.9	3.8
Total	**14.1**	**9.8**

Note 11) Incentive programme
Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants have been issued annually since 2015, following a decision by the respective AGM. No warrants were issued or exercised in the fourth quarter 2021. In October 2021 the exercise period for the 2018 incentive programme expired without any warrants having been exercised.

					Number of warrants			
Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	1 Jan 2021	Issued 2021	Exercised 2021	Expired 2021	**31 Dec 2021**
2018 programme	1 Jun – 2 Oct 2021	72.0	1.24	350,000	-	-	350,000	-
2019 programme	1 Jun – 7 Oct 2022	69.7	1.13	350,000	-	-	-	350,000
2020 programme	13 Jun – 6 Oct 2023	51.7	1.04	350,000	-	-	-	350,000
2021 programme	12 Jun – 4 Oct 2024	76.0	1.00	-	200,000	-	-	200,000
Total				**1,050,000**	**200,000**	**-**	**350,000**	**900,000**

Note 12) Pledged assets
Pledged assets in the parent company amounts to MSEK 0.5 (MSEK 0.5) and relate to a pledge in relation to office rental.

Note 13) Contingent liabilities
As part of the farmin transaction with Medco for Block 56 (see page 12) there is further potential consideration contingent upon a declaration of commerciality.

Note 14) Related party transactions
In the Tethys Oil Group, Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company. Material subsidiaries include Tethys Oil Oman Limited, Tethys Oil Block 3&4 Limited, Tethys Oil Montasar Limited, Tethys Oil Oman Onshore Limited, Tethys Oil Qatbeet Limited, Tethys Oil France AB and Tethys Oil Exploration AB.

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

Note 15) Subsequent events
No significant events have occurred after the end of the reporting period.

FINANCIAL CALENDAR:

- Report for first quarter 2022 (January – March 2022) on 10 May 2022
- Annual report 2021 is expected to be published in the week starting 4 April, 2022
- The Annual general meeting 2022 is to be held in Stockholm on 18 May 2022 at CEST 15:00
- Report for second quarter 2022 (January – June 2022) on 9 August 2022
- Report for third quarter 2022 (January – September 2022) on 8 November 2022
- Report for fourth quarter 2022 (January – December 2022) on 7 February 2023
- Report for first quarter 2023 (January – March 2023) on 9 May 2023

Stockholm, 8 February 2022

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

The Board of Directors

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

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This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on 8 February 2022.

CONFERENCE CALL
Date: 8 February 2022
Time: 10.00 CET

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

Link to webcast: https://edge.media-server.com/mmc/p/6whuarui

To participate via phone, please call:
Sweden: +46 8 566 426 51
Switzerland: +41 225 809 034
UK: +44 333 300 0804
United States (Toll-Free): +1 855 857 0686

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