Tethys Oil AB (publ)
Second quarter and half year report
1 January – 30 June 2023

Second quarter 2023 (first quarter 2023)

- **The extended well test on the Al Jumd discovery on Block 56 was active throughout the quarter with positive results. A total of 34,699 barrels gross was produced during the quarter.**
- **Tethys has applied for an extension to the license to allow for preparations of a provisional field development plan and to conduct additional appraisal and exploration activities with the aim of establishing commercial viability of the block.**
- **Exploration drilling on the first South Fahd prospect on Block 58 has been pushed to early 2024 following a retendering of the drilling rig. The South Lahan prospect maturation is completed and is expected to be third-party validated in the third quarter.**
- **Tethys Oil is exploring a potential farmout of an interest share in Block 58.**
- **Production from Blocks 3&4 in the quarter amounted to 8,994 barrels of oil per day (9,411), with a Net entitlement of 52% (52) and an achieved oil price of USD 81.6 per barrel (81.7).**
- **Revenue and other income was MUSD 34.7 (35.3) and EBITDA MUSD 16.9 (18.7).**
- **Cash flow from operations amounted to MUSD 25.7 (20.4) while the investments in oil and gas properties amounted to MUSD 21.4 (20.0) and the Free cash flow was MUSD 4.0 (0.4).**

Revised full year 2023 production and financial guidance

- **Production for the full year 2023 is expected to be 9,000 (+/- 200) barrels of oil per day, compared to previous full year guidance of 9,000-10,000 barrels of oil per day.**
- **Following the revised production guidance, operating expenditures are expected to be USD 17.0 (+/- 0.5) per barrel of oil, compared to USD 14.5 (+/- 1.0) per barrel of oil.**
- **Investments in oil and gas properties are expected to be in the range of MUSD 81-86, compared to MUSD 85-95.**

MUSD, unless specifically stated	Second quarter 2023	First quarter 2023	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Net daily production, before government take, barrels per day	8,994	9,411	10,068	9,201	10,271	9,940
Production before government take, bbl	818,432	847,002	916,226	1,665,434	1,858,994	3,628,074
Net entitlement barrels, bbl	425,585	440,441	385,005	866,026	818,057	1,664,363
Net entitlement as share of production, percent	52%	52%	42%	52%	44%	46%
Achieved Oil Price, USD/bbl	81.6	81.7	100.1	81.6	87.3	94.2
Revenue and other income	34.7	35.3	37.8	70.1	72.4	156.5
EBITDA	16.9	18.7	24.1	35.7	44.3	99.1
Operating result	6.1	7.7	13.9	13.8	22.5	54.2
Net result	8.1	8.0	17.0	16.0	26.9	58.3
Earnings per share, after dilution, USD	0.25	0.25	0.52	0.50	0.82	1.78
Cash flow from operations	25.7	20.4	26.8	46.1	38.4	87.0
Investments in oil and gas properties	21.4	20.0	19.6	-41.4	44.2	89.1
Free cash flow	4.0	0.4	7.1	4.4	-6.0	-2.3
Cash and cash equivalents	33.9	39.9	40.2	33.9	40.2	41.5

Letter to shareholders

Dear Friends and Investors,

The second quarter 2023 could very well be the quarter when Block 56 onshore Oman in earnest started its rise towards becoming a second core interest area for Tethys in Oman. The results of the extended well test on the Al Jumd discovery and very encouraging interpretations from the new 3D seismic study covering the wider Al Jumd trend suggests that this area of Block 56 holds promising commercial potential. The next steps in evaluating and eventually realising this potential includes requesting an extension of the second exploration phase to allow for additional appraisal and exploration drilling to be carried out and a provisional field development plan to be prepared. Work will also be prepared to enable Block 56 to be included in the yearly reserves and resource report.

I have several times already compared Block 56 with Blocks 3&4 a dozen years ago, and what we have seen so far this year further underscores that assessment. With Tethys share of Blocks 3&4's production now below 10,000 barrels of oil per day, bringing Block 56 to commercial production is of course a high priority.

The Al Jumd trend consists of the Al Jumd discovery, which produced some 35,000 barrels of oil gross during the quarter as part of the ongoing extended well test, the Sarha discovery and the newly identified prospect as well as several other leads trending northeast-southwest along the border with Block 6 to the west.

Further east in Block 56 there is a separate potential fairway of leads straddling the intersection between the South Oman Salt Basin and the Eastern Tertiary Basin. Older 2D seismic suggests several leads along this trend and the newly acquired 3D seismic is currently being interpreted.

The excitement over Block 56 should however not make us lose sight of Block 58. During the quarter work has been centred on firming up the prospectivity of the South Lahan prospects, which are currently being peer reviewed. The three Fahd prospect, with close to 200 mmbo of unrisked prospective resources remains the main target in the Block but South Lahan has proven to be quite interesting as well. Tendering for a drilling rig is in progress and we are also investigating the appetite for potential partners to join the exploration effort on Block 58. With both Fahd and South Lahan now showing good prospectivity, a suitable partner would certainly strengthen the effort. With Tethys holding 100 percent of the block, and with a strong balance sheet, we are in a good position to invite a partner should interest exist.

The second quarter for Block 49 has seen some delays in sourcing all the necessary services for the re-testing of the Thameen-1 well and we will keep you updated on the progress as the third quarter proceeds.

On our non-operated Blocks 3&4 we are hopeful that production will stabilise around 9,000 barrels per day net to Tethys, before Government take, based on the most recent production forecast available from the operator. That said we are of course disappointed that Blocks 3&4 production has continued to perform below expectations. We are in close contact with the operator CCED and are actively engaging to understand and improve the production performance. Blocks 3&4 exploration has been more positive so far this year as all three exploration wells drilled have encountered hydrocarbon and established flows. The wells are currently being evaluated and we hope to know more in the coming months.

Financially the quarter was adequate with cash flow from operations amounting to MUSD 25.7 after revenues of MUSD 34.7 and an achieved oil price of USD 81.6 per barrel.

So stay with us. After a few quarters of declining production from Blocks 3&4 we may be on the cusp of a turnaround for Tethys' overall production and now led by our operated Block 56.

Stockholm, August 2023
Magnus Nordin
Managing Director

Second Quarter Review

Licences and agreements

Tethys Oil's core area is onshore in the Sultanate of Oman ("Oman"), where the Group holds interest in four exploration and production sharing agreements ("EPSA") per 30 June 2023:

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

Producing assets – Blocks 3&4

Production on Blocks 3&4

Tethys Oil's share of production from Blocks 3&4 during the second quarter 2023, before government take, amounted to 818,432 barrels of oil. This corresponds to 8,994 barrels of oil per day (9,411).

In the second quarter, ten development wells were drilled, nine oil producers and one water disposal well. Six of the oil producers, as well as the water disposal well, were drilled in the Farha South field's Barik formation. Two of the wells were targeting the Khufai formation on the Shahd field and the one well was drilled in the Buah formation on the Samha field. Some development wells have performed below expectations and evaluation and remedial work is ongoing.

Production assurance initiatives and asset integrity projects continued during the quarter, including replacement of older flow lines and increasing the number of loop lines. These initiatives aim to reduce unscheduled production stops and outages with improved production as the expected result. Well workover efforts were focused on the replacement of electrical submersible pumps.

Exploration drilling

During the quarter the drilling of two exploration wells were completed: Jari-1 and Rahbah-1.

Jari-1, located in the southern part of Block 4, reached its total depth in mid-April. Jari-1's primary target is a Pre-Cambrian sandstone in the Abu Mahara. Hydrocarbons were encountered in the Abu Mahara as well as in the shallower Khufai formation. Samples have been collected and hydraulic fracturing operations of the Abu Mahara was completed in late June resulting in oil flows to surface. Further analysis and testing continues in the third quarter with results and conclusions expected in the fourth quarter.

The drilling of Rahbah-1, located about seven kilometres southeast of the Ulfa field, was completed in mid-April. The well's primary target was the Khufai formation, with the Buah and Barik formations as secondary targets. The well encountered light hydrocarbons in both target zones and had flows to surface.

The testing and evaluation of Elaf-1 drilled earlier in 2023 continued during the second quarter. Elaf also flowed light hydrocarbons to surface. Both Rahbah-1 and Elaf-1 are undergoing further evaluation analysis.

The drilling of the fourth exploration well in 2023, Raghad-1, is planned for November.

Seismic acquisition

The seismic acquisition programme in the southern part of Block 4 has continued during the quarter.

Gas to power emission reduction project

Work continued on the gas to power project and its operations is expected to start by the end of the year. Once operational, a substantial amount of the power needed to operate the facilities on Blocks 3&4 will come from associated gas, reducing diesel consumption and emissions.

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

Exploration assets

Block 56

Extended well test on Al Jumd
The extended well test ("EWT") on the Al Jumd discovery on Block 56 started in April when Al Jumd-2 ("AJ-2") was the first of the three wells to be re-opened. In May, Al Jumd-3 ("AJ-3") and Al Jumd-4 ("AJ-4") were added. All wells have produced oil supported by a PCP pump and tested at various pump speeds to establish pressure gradients and optimise flow rates with the resulting production rates varying between 150 and 700 barrels of oil per day. The AJ-2 and AJ-3 wells appear to be in communication and likely drain a compartmentalized section of the reservoir. The AJ-4 well was tested for two weeks at similar rates as AJ-2 and AJ-3 when an increased water cut, assumed to originate from the aquifer below the reservoir section, prompted the well to be shut in for work over and recompletion. AJ-4 does not appear to be in communication with the other wells and is possibly drilling into a separate section of the structure. The test continues during the third quarter and an application for an extension has been submitted to allow for the collection of further data to support a provisional field development plan.

The results of the well test have significantly derisked the base case for the discovery but more work and data gathering remain to be done, particularly relating to AJ-4 and evaluating potential upsides.

Oil exports and liftings from the EWT
During the second quarter, 34,699 barrels of oil have been exported from Al Jumd, including the government's share. The produced oil is transported by truck to the nearby Simsim offloading facility, where it is transferred to the Omani national pipeline system. The first lifting was recorded in early July. The July lifting was 43,229 barrels of oil at a price of USD 75.16 per barrel and included all exported oil up until that point and therefore includes not only Tethys Oil's share of the entitlement but also that belonging to the partners and government. During the EWT, oil sale proceeds will be calculated after the liftings have been completed and divided between Tethys Oil, the partner group and the government by a provisional formula yet to be determined.

Seismic interpretation making progress
The northern part of the newly acquired 3D seismic have firmed up several new leads along the Al Jumd trend in the northwestern part of the Block and identified one particularly promising prospect some 20 km southwest of Al Jumd. This prospect shows similar characteristics to Al Jumd and a proposal will be made to partners and the Ministry of Energy and Minerals to drill and evaluate the prospect within the next couple of months.

Interpretation of the seismic over the Central Area of the block is ongoing, and a number of leads are in the process of being matured to prospects. The interpretation and prospect maturation are expected to be finalised before the end of the year and be ready for drilling in 2024.

The way forward
The results of the EWT and the derisking of Al Jumd discovery is an important step to establishing a first building block in a development of the Al Jumd area. The focus of the Block 56 work programme in 2023 remains on the area and includes continued operation of the EWT, completing the testing of the Sarha-3 well drilled in 2022 as well as drilling an exploration well in the area. The Company has approached the Ministry of Energy and Minerals to seek an extension of the second exploration phase to continue the Al Jumd area appraisal and start the preparation of a provisional field development plan for Block 56.

Block 58

Exploration drilling in Fahd area moved to 2024
In the second quarter the South Fahd prospect was selected to be the first target for exploration drilling on Block 58. Subsequently, predrilling preparations have started. Following a slight rig delay however, it was decided to retender for a drilling rig as there were indications that the rig availability has improved with potential for further cost savings. As a result, the drilling of the well is not expected to commence until early 2024.

Developing prospect portfolio of South Lahan
The completed interpretation of the 450 km² 3D seismic data in South Lahan has yielded the identification of several drillable prospects. The complete prospect portfolio for South Lahan is expected to be finalised and third party validated during the third quarter.

Farmout potential being explored
In the interest of balancing portfolio commitments and risks, as well as creating a technically strong partnership to realise the potential of the block, the Company is currently exploring the possibility of farming out a portion of the interest in the EPSA for Block 58.

Block 49

Thameen-1 re-entry and re-testing
Preparations for the re-testing of the Thameen-1 well is continuing. During the quarter the tendering for an integrated service contract to provide all services needed for the re-test, including rig, hydro frac services and well testing services was conducted, however none of the offers were deemed sufficiently commercially attractive and alternatives are being investigated. A more detailed timeline and plan on how to best move forward on the block will be presented once the evaluation of the tender is completed.

Production, operating expenditure, investments and work programme 2023

Full year 2023 production guidance
The average production for the first six months of 2023 was 9,201 barrels of oil per day. Tethys Oil expects the full year average production from Blocks 3&4 to be between 9,000 (+/- 200) barrels of oil per day.

Operating expenditure
As a result of the revised 2023 production guidance and developments during the year, Tethys Oil now expects annual operating expenditure per barrel to be USD 17.0 (+/- 0.5) compared to the previous guidance of USD 14.5 (+/- 1.0). For more information on Tethys Oil's operating expenditures, see page 8.

Investments
Following revisions of the 2023 Work Programmes for Tethys Oil's four EPSAs, the Company now expects total investments (capex) in Oil and Gas assets for 2023 to amount to MUSD 81-86 (previously MUSD 85-95).

Investments on Blocks 3&4 are expected to be MUSD 70-75 (65-75). The increased investments are primarily the result of increased testing costs of the exploration wells as well as higher spending on facilities and pipelines.

Spending on Block 49 is expected to be MUSD 0.3 (1.5) as further expenditure related to the re-entry and re-testing of the Thameen-1 well is unlikely to be performed before the end of 2023.

On Block 56, Tethys Oil's 2023 expected investments, including carry arrangements, remain at MUSD 8.0. With expenditures primarily relating to the drilling of an exploration well on the block during the second half of 2023.

On Block 58 Tethys Oil's 2023 investments are expected to amount to MUSD 2.3 (10.5) as exploration drilling on the South Fahd prospect has been moved to 2024.

For more information on Tethys Oil's capital investments, see page 11.

Group Financial Review and Result [2]

Production entitlement and sales

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

The Net Entitlement share of production remained at 52 percent in the second quarter. The Average OSP for the quarter was USD 81.3, compared to USD 81.6 in the first quarter.

In the second quarter 2023, Tethys Oil's Net Entitlement was 425,585 barrels of oil, down from 440,441 barrels of oil in the first quarter. The decreased Net Entitlement in the second quarter is a consequence of the lower Cost Oil allowance resulting from lower production. The Cost Pool as per 30 June 2023 was MUSD 10.5 compared to MUSD 4.3 on 31 March 2023.

In the quarter, Tethys Oil sold 463,196 barrels of oil from Blocks 3&4 compared to 471,550 barrels of oil in the first quarter 2023.

As oil sales exceeded Net Entitlement, an overlift movement of 37,611 barrels was recorded in the second quarter, resulting in the underlift closing position of the first quarter turning in to an overlift position in the second quarter. At the end of the quarter Tethys Oil's overlift position was 1,760 barrels of oil compared to an underlift position of 35,851 barrels of oil at the end of the first quarter 2023.[3]

The Achieved Oil Price in the second quarter was USD 81.6 per barrel compared to USD 81.7 per barrel in the previous quarter.

Production entitlement and sales	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Blocks 3&4					
Production, before Government take, bbl	**818,432**	847,002	868,589	900,491	916,226
Average daily production, barrels per day	**8,994**	9,411	9,441	9,788	10,068
Net Entitlement barrels, bbl	**425,585**	440,441	467,564	378,742	385,005
Net Entitlement share of production, percent	**52%**	52%	54%	42%	42%
Oil sales, bbl	**463,196**	471,550	424,444	420,474	261,072
Underlift (+) / overlift (-), movement, bbl	**-37,611**	-31,109	43,120	-41,732	123,933
Underlift (+) / overlift (-), closing position, bbl	**-1,760**	35,851	66,961	23,841	65,573

[2] The Group financial review is performed by analysing the current interim reporting period performance versus the previous interim reporting period. Accordingly, the current interim financial review is focused on developments of the second quarter 2023 compared to the first quarter 2023. Management believes that this analysis more precisely demonstrates trends and achievements of the Tethys Oil Group activities. Please note that the financial report statements are presented in accordance with IAS 34, which requires presentation of the current interim period in comparison to the comparable interim period of the immediately preceding financial year. This financial interim report for the second quarter and first six months of 2023 presents financial results compared to the second quarter and first six months of 2022.

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

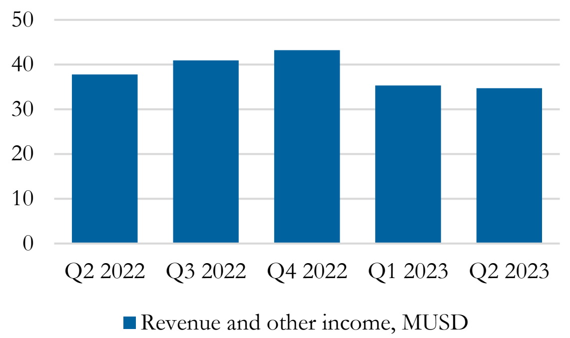
Income Statement

Revenue and other income

Tethys Oil's revenue and other income is comprised of revenue from the oil sold in the period adjusted for the period's movement in under-/overlift position.

Revenue and other income amounted to MUSD 34.7 compared to MUSD 35.3 in the previous quarter, a decrease of 2 percent. The decrease is the result of lower Revenues, MUSD 37.8 in the second quarter compared to MUSD 38.5 in the first quarter, following lower oil sales volumes with a lower Achieved oil price.

Following the lower oil price, the overlift adjustment was MUSD -3.1 in the second quarter compared to MUSD -3.2 in the first quarter.



Operating expenses

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

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

Total operating expenses increased in the second quarter to MUSD 14.9 from MUSD 14.6. The increase is due to the operating expenses from the extended well test of MUSD 0.7 being included.

Operating expenses producing assets in the second quarter of 2023 amounted to MUSD 14.2 compared to MUSD 14.6 for the previous quarter, a decrease of 3 percent.

Production costs include expenses for throughput fees, energy, consumables, equipment rental, field staff and maintenance. The production costs decreased to MUSD 9.5 during the second quarter 2023 from MUSD 9.9 in the previous quarter as annual bonuses and benefit payments affected the first quarter.

Workovers and well interventions amounted to MUSD 1.9 in the second quarter 2023, up from MUSD 1.5 the previous quarter. The increase is mainly a result of an urgent workover requiring a rig instead of a less expensive hoist.

Operator G&A and overhead expenses were MUSD 2.9 in the second quarter 2023 compared to MUSD 3.1 in the previous quarter. The higher costs in the previous quarter were a result of annual bonuses.

The lower oil production in the second quarter increased the operating expenses per barrel on Blocks 3&4 to USD 17.4 compared to USD 17.2 in the previous quarter.

Operating expenses, MUSD	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Production costs	**9.5**	9.9	8.7	8.3	8.1
Workovers and well interventions	**1.9**	1.5	1.5	1.4	1.1
Operator G&A and overhead expenses	**2.9**	3.1	2.8	2.6	2.9
Operating expenses producing assets (Blocks 3&4)	**14.2**	**14.6**	**13.0**	**12.3**	**12.1**
Operating expenses extended well test Block 56	**0.7**	-	-	-	-
Total operating expenses	**14.9**	**14.6**	**13.0**	**12.3**	**12.1**

Operating expenses per barrel Blocks 3&4, USD	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Production costs per barrel	**11.6**	11.7	10.0	9.2	8.8
Workovers and well interventions per barrel	**2.3**	1.8	1.8	1.6	1.2
Operator G&A and overhead expenses per barrel	**3.5**	3.7	3.2	2.8	3.2
Operating expenses per barrel	**17.4**	**17.2**	**15.0**	**13.6**	**13.2**

Other expenses and result

Administrative expenses for the second quarter 2023 were MUSD 2.8 compared to MUSD 2.1 in the previous quarter. The higher expenses are mainly a result of increased expenses related to professional services as well as employee and management incentive programmes being charged in the second quarter.

EBITDA (earnings before interest, tax, depreciation and amortisation) decreased to MUSD 16.9 in the second quarter, compared to MUSD 18.7 in the first quarter. The decrease in EBITDA follows the lower Revenue and other income and the higher Operating and Administrative expenses.

DD&A for the second quarter decreased to MUSD 10.7 from MUSD 11.0 in the previous quarter following the lower production.

The operating result in the second quarter decreased to MUSD 6.1, compared to MUSD 7.7 in the previous quarter.

Financial net result amounted to MUSD 2.0 compared to MUSD 0.2 in the previous quarter and consists primarily of exchange rate differences.

Net result for the second quarter 2023 amounted to MUSD 8.1. The earnings per share after dilution was USD 0.25, unchanged from the previous quarter.

Financial review and result, MUSD	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	**37.8**	38.5	39.6	45.1	26.1
Underlift (+) / Overlift (-) adjustment	**-3.1**	-3.2	3.6	-4.2	11.7
Revenue and other income	**34.7**	**35.3**	**43.2**	**40.9**	**37.8**
Operating expenses	**-14.9**	-14.6	-13.0	-12.3	-12.1
Administrative expenses	**-2.8**	-2.1	-2.4	-1.6	-1.6
EBITDA	**16.9**	**18.7**	**27.8**	**27.0**	**24.1**
DD&A	**-10.7**	-11.0	-9.8	-10.1	-10.2
Exploration cost	**-0.1**	-	-3.3	-0.2	-
Share of net result from associates	**-**	-	-	0.1	-
Operating result	**6.1**	**7.7**	**14.8**	**16.9**	**13.9**
Financial result – net	**2.0**	0.2	-1.3	1.5	3.1
Income tax	**-**	-	-0.6	-	-
Net result	**8.1**	**8.0**	**13.0**	**18.4**	**17.0**
Earnings per share, after dilution, USD	*0.25*	*0.25*	*0.40*	*0.56*	*0.52*

Financials per barrel, USD/bbl	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Achieved Oil Price	**81.6**	81.7	93.3	107.3	100.1
Operating expenses	**17.4**	17.2	15.0	13.6	13.2
EBITDA	**20.7**	22.1	32.0	30.0	26.3
DD&A	**13.1**	13.0	11.2	11.2	11.2

Netback[4]
Netback is the gross profit associated with bringing a barrel of oil to market and is calculated as revenues net of production and transportation costs, as well as any royalties and government take.

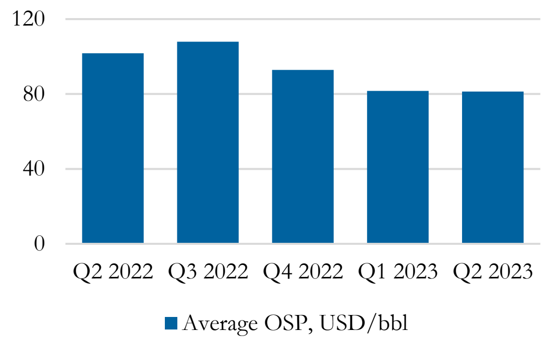
Tethys Oil calculates Netback for its production from Blocks 3&4 and presents it both as a total, in MUSD, and as USD per barrel. To align the calculations with the effects of the cost recovery mechanism of the EPSA, Netback (net of capex) is also presented.

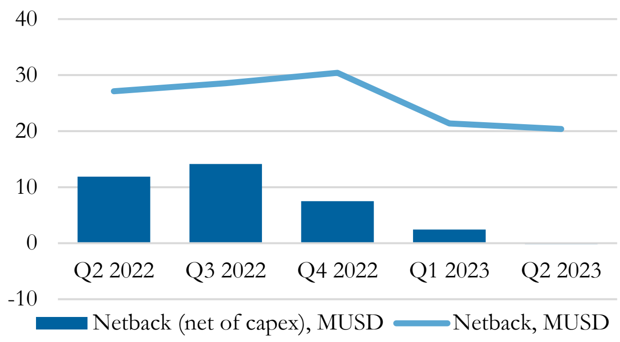
The Netback (net of capex) in MUSD and in USD per barrel in the second quarter decreased. The Netback (net of capex) in MUSD was negatively impacted by both the lower production and Average OSP in addition to the higher Capex.

Netback (net of Capex) per barrel was also impacted by the higher operating expense per barrel.

Netback Blocks 3&4, USD/bbl	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Value of oil produced (Average OSP)	81.3	81.6	92.9	107.9	101.9
Government take	-39.0	-39.2	-42.9	-62.5	-59.1
Entitlement value (after government take)	**42.3**	**42.4**	**50.0**	**45.4**	**42.8**
Operating expenses	-17.4	-17.2	-15.0	-13.6	-13.2
Netback	**24.9**	**25.2**	**35.0**	**31.8**	**29.6**
Capex	-25.1	-22.4	-26.4	-16.0	-16.7
Netback (net of capex)	**-0.2**	**2.9**	**8.6**	**15.8**	**12.9**

Netback Blocks 3&4, MUSD	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Value of oil produced (Average OSP)	66.5	69.1	80.7	97.1	93.4
Government take	-31.9	-33.2	-37.3	-56.3	-54.1
Entitlement value (after government take)	**34.6**	**35.9**	**43.4**	**40.8**	**39.2**
Operating expenses	-14.2	-14.6	-13.0	-12.3	-12.1
Netback	**20.4**	**21.4**	**30.4**	**28.5**	**27.1**
Capex	-20.6	-18.9	-22.9	-14.4	-15.3
Netback (net of capex)	**-0.2**	**2.4**	**7.5**	**14.1**	**11.9**





[4] Starting in the second quarter 2022, Tethys Oil calculates Netback by using Average OSP as its base rather than Achieved Oil Price. All Netback amounts presented in the interim report, such as in the tables above, have been retroactively recalculated for previous periods.

Financial position and cash flow

Assets and equity

As of 30 June 2023, the Group's total assets amounted to MUSD 321.0 compared to MUSD 321.2 at the end of the previous quarter. The majority of the Group's assets are oil and gas properties, making up MUSD 266.0 at the end of the quarter compared to MUSD 255.3 on 31 March 2023. As of 30 June 2023, the Shareholder's equity was MUSD 282.2 compared to MUSD 291.3 at the end of the previous quarter.

Liquidity and financing

As of 30 June 2023, cash and cash equivalents amounted to MUSD 33.9 compared to MUSD 39.9 at the end of the previous quarter. Tethys Oil is fully self-funded and has no financial debt. The Annual General Meeting on 10 May decided on a dividend of SEK 2.00 to be paid in November. The total amount payable of MUSD 5.9 is reported as a current liability and is excluded from the working capital calculation.

Cash flow and investments

Cash flow in the period reflects both the increase in cash flow from operations as well as the increase in cash flow from investments and distribution to shareholders through share redemption. Total cash flow for the second quarter 2023 was MUSD -6.0 compared to MUSD -1.6 in the previous quarter.

Cash flow from operations before change in working capital amounted to MUSD 18.1 compared to MUSD 18.9 in the previous quarter.

The net change in working capital amounted to MUSD 7.5 compared to MUSD 1.4 in the previous quarter. The positive movement is mainly a result of the closing of the underlift position and opening of an overlift position. In addition, the Joint operations payable to the operator on Blocks 3&4 increased.

Cash flow from operations in the second quarter 2023 was MUSD 25.7 compared to MUSD 20.4 in the previous quarter.

In the second quarter 2023, investment activity increased to MUSD -21.7 compared to MUSD -20.0 in the previous quarter.

Capital investments on Blocks 3&4 amounted to MUSD 20.6 in the second quarter compared to MUSD 18.9 in the previous quarter. The increase was to a large part driven by the increased drilling of development wells in addition to higher expenditures in Projects and Facilities.

The second quarter capital investments on Block 56 and Block 58 of MUSD 0.5 (0.7) and MUSD 0.2 (0.1) respectively are related to the blocks' ongoing exploration and appraisal activities, including preparations for future drilling. The investments on Block 49 are related to pre-fracking activities.

Tethys Oil's free cash flow for the quarter amounted to MUSD 4.0 compared to MUSD 0.4 in the previous quarter.

The negative cash flow from financing activities increased to MUSD -10.0 compared to MUSD -2.0 in the previous quarter following the share redemption payments and continued share repurchasing activity.

Balance Sheet, MUSD	30 Jun 23	31 Mar 23	31 Dec 22	30 Sep 22	30 Jun 22
Non-current assets					
Oil and gas properties	**266.0**	255.3	246.1	237.5	226.5
Other fixed assets	**0.5**	0.6	0.8	0.6	0.7
Current assets					
Other current assets	**20.6**	25.3	27.6	19.5	12.2
Cash and cash equivalents	**33.9**	39.9	41.5	42.1	40.2
Total assets	**321.0**	**321.2**	**316.0**	**299.7**	**279.6**
Shareholders' equity	**282.2**	291.3	285.2	271.1	255.1
Non-current liabilities	**11.5**	11.4	11.2	14.1	14.0
Current liabilities	**27.3**	18.6	19.6	14.5	10.5
Total equity & liabilities	**321.0**	**321.2**	**316.0**	**299.7**	**279.6**

Cash flow, MUSD	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Cash flow from operations	**25.7**	20.4	25.2	23.5	26.8
Cash flow from investments	**-21.7**	-20.0	-24.7	-20.2	-19.7
Free cash flow	**4.0**	**0.4**	**0.4**	**3.4**	**7.1**
Cash flow from financing activities	**-10.0**	-2.0	-1.3	-0.4	-22.8
Period cash flow	**-6.0**	**-1.6**	**-0.8**	**2.9**	**-15.7**
Blocks 3&4	20.6	18.9	22.9	14.4	15.3
Block 49	0.1	0.3	0.2	0.1	0.0
Block 56	0.5	0.7	0.8	5.2	4.2
Block 58	0.2	0.1	0.7	0.5	0.1
Total investments in oil and gas properties	**21.4**	**20.0**	**24.6**	**20.2**	**19.6**

Parent Company & Share data

The parent company's operating result for the second quarter 2023 amounted to MSEK -15.2 compared to MSEK -8.3 in the previous quarter. Administration expenses during the period were MSEK 18.9 compared to MSEK 13.7 in the previous quarter. The increase mostly relates employee and management incentive programs in addition to an increase in professional services.

The net financial result for the second quarter 2023 was MSEK 37.0 compared to MSEK 5.7 in the previous quarter. Net financial result mainly consists of interest income and expense on intercompany loans and foreign currency exchange gains/losses associated with the intercompany loans.

Share data

As of 30 June 2023, the total number of issued shares in Tethys Oil AB was 33,056,608, with a nominal value of SEK 0.18. All shares represent one vote each. The company's shares are listed on Nasdaq Stockholm (TETY).

Share buy-backs

Tethys Oil's Annual General Meeting on 10 May 2023 ("AGM") resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the company's shares. During the second quarter 2023 Tethys Oil repurchased 58,795 shares. As of 30 June 2023, Tethys Oil held 1,164,901 shares in treasury – the equivalent of 3.52 percent of issued shares.

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

Dividend and distribution

The Annual General Meeting has approved a dividend of SEK 2.00 per share (AGM 2022: SEK 2.00) to be paid in November 2023. The Annual General Meeting also approved an extraordinary distribution to shareholders of SEK 3.00 per share by way of a mandatory share redemption programme (AGM 2022: SEK 5.00). The share redemption programme was realised in June. Full details regarding the dividend and distribution are available on Tethys Oil's website.

Warrant based incentive programmes

As of 30 June 2023, Tethys Oil has four active warrant-based incentive programmes, which, if exercised can result in the issuance of up to 1,064,100 new shares, corresponding to a potential 3.2 percent increase of total shares issued. During the second quarter 2023, only the 2020 warrant programme was in the money and contributed to a dilution effect. More information regarding these programs is disclosed in Note 8 of the financial report.

Long-Term Incentive Program (LTIP)

As of 30 June 2023, Tethys Oil has two share based Long-Term Incentive Programmes for all employees excluding the Executive management. LTIP 2022 was launched in October 2022 and LTIP 2023 was launched in April 2023. More information regarding these programmes is disclosed in Note 8 of the financial report.

Numbers of shares	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Shares in issue, end of the period	**33,056,608**	33,056,608	33,056,608	33,056,608	33,056,608
Shares issued, during the period	**-**	-	-	-	-
Shares repurchased, during the period	**58,795**	367,755	186,778	76,900	-
Treasury shares, end of the period	**1,164,901**	1,106,106	738,351	551,573	474,673
Shares outstanding, end of the period	**31,891,707**	31,950,502	32,318,257	32,505,035	32,581,935
Weighted average outstanding before dilution, during the period	**31,936,260**	32,191,324	32,435,616	32,577,137	32,581,935
Weighted average outstanding after dilution, during the period	**31,957,531**	32,261,122	32,531,314	32,670,830	32,780,953

Group financial review of the first six months 2023 (first six months 2022)

Revenue and other income amounted to MUSD 70.1 compared to MUSD 72.4 in the comparative period. The decrease follows the lower Oil price and production volumes in 2023.

Operating expenses increased to MUSD 29.5 compared to MUSD 24.8 in the comparative period mainly due to the increased production costs driven by higher fuel prices and consumption for Blocks 3&4.

DD&A increased to MUSD 21.7 from MUSD 20.7 as the depletion factor per unit of production increased following the lower 2P reserves at the end of 2022. Exploration costs were MUSD 0.1 compared to MUSD 1.0 in the comparative period.

Administrative expenses increased to MUSD 4.9 from MUSD 3.4 in the comparative period due to the increase in staff cost and a change in timing related to the recognition of new the annual warrant programme.

Financial net result was MUSD 2.2 (4.4) and is primarily affected by movements of the SEK/USD exchange rate.

Net result for the current period was MUSD 16.0 compared to MUSD 26.9 in the comparative period.

The Group's total assets amounted to MUSD 321.0 for the current period compared to MUSD 279.6 in the comparative period. The increase is attributed to the investments in Oil and gas properties on all blocks. Cash and cash equivalents amounted to MUSD 33.9 compared to MUSD 40.2.

The period's cash flow was MUSD -7.6 compared to MUSD -28.8 and reflects the increase in cash flow from operations and the decrease in cash flow from Investment and Financing activity.

The Parent company's operating loss increased to MSEK 23.5 from MSEK 12.9 in the comparative period due to higher administrative expenses, MSEK 32.6 compared to MSEK 19.9. The Net financial result was MSEK 42.7 (59.1) and the Net Result was MSEK 19.2 (46.2).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	Second quarter 2023	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Revenue and other income	2, 3	**34.7**	**37.8**	**70.1**	**72.4**	**156.5**
Operating expenses		**-14.9**	-12.1	**-29.5**	-24.8	-50.1
Gross profit		**19.8**	**25.7**	**40.5**	**47.6**	**106.4**
Depletion, depreciation and amortisation	2	**-10.7**	-10.2	**-21.7**	-20.7	-40.5
Exploration costs		**-0.1**	-	**-0.1**	-1.0	-4.5
Administrative expenses		**-2.8**	-1.6	**-4.9**	-3.4	-7.3
Share of net result from associates		**-**	-	**-**	-	0.1
Operating result		**6.1**	**13.9**	**13.8**	**22.5**	**54.2**
Financial result – net		**2.0**	**3.1**	**2.2**	**4.4**	**4.7**
Result before tax		**8.1**	**17.0**	**16.0**	**26.9**	**58.9**
Income tax		**-**	-	**-**	-	-0.6
Net result		**8.1**	**17.0**	**16.0**	**26.9**	**58.3**
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Exchange differences		**-1.3**	-4.5	**-1.0**	-5.6	-5.9
Other comprehensive income		**-1.3**	**-4.5**	**-1.0**	**-5.6**	**-5.9**
Total comprehensive income		**6.8**	**12.5**	**15.0**	**21.3**	**52.4**
Total comprehensive income attributable to:						
Shareholders in the parent company		**6.8**	12.5	**15.0**	21.3	52.4
Non-controlling interest		**-**	-	**-**	-	-
Result per share						
Earnings per share (before dilution), USD		**0.25**	0.52	**0.50**	0.83	1.79
Earnings per share (after dilution), USD		**0.25**	0.52	**0.50**	0.82	1.78
Weighted average number of shares (before dilution)		**31,936,260**	32,581,935	**32,068,976**	32,581,935	32,543,670
Weighted average number of shares (after dilution)		**31,957,531**	32,780,953	**32,115,497**	32,730,450	32,664,523

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	**30 Jun 2023**	31 Dec 2022
ASSETS			
Non-current assets			
Oil and gas properties	4	266.0	246.1
Other fixed assets		0.5	0.8
		266.5	**246.9**
Current assets			
Trade and other receivables	5	20.2	26.9
Prepaid expenses		0.5	0.7
Cash and cash equivalents		33.9	41.5
		54.5	**69.1**
TOTAL ASSETS		**321.0**	**316.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		-6.6	-5.6
Retained earnings		211.7	213.7
Total shareholders' equity		**282.2**	**285.2**
Non-current liabilities			
Non-current provisions		11.2	10.8
Other non-current liabilities		0.3	0.4
		11.5	**11.2**
Current liabilities			
Accounts payable and other current liabilities	6	27.3	19.6
		27.3	**19.6**
Total liabilities		**38.8**	**30.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**321.0**	**316.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
Opening balance 1 January 2022	**0.8**	**76.3**	**0.3**	**179.2**	**256.6**
Net result 2022	-	-	-	58.3	**58.3**
Other comprehensive income	-	-	-5.9	-	**-5.9**
Total comprehensive income	**0.0**	**0.0**	**-5.9**	**58.3**	**52.4**
Transactions with owners					
Repurchase of shares	-	-	-	-1.6	**-1.6**
Dividend	-	-	-	-6.6	**-6.6**
Share redemption	-	-	-	-16.2	**-16.2**
Incentive programme	-	-	-	0.6	**0.6**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-23.8**	**-23.8**
Closing balance 31 December 2022	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Opening balance 1 January 2023	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Net result first six months	-	-	-	16.0	**16.0**
Other comprehensive income	-	-	-1.0	-	**-1.0**
Total comprehensive income	**0.0**	**0.0**	**-1.0**	**16.0**	**15.0**
Transactions with owners					
Repurchase of shares	-	-	-	-2.2	**-2.2**
Dividend	-	-	-	-6.3	**-6.3**
Share redemption	-	-	-	-9.4	**-9.4**
Incentive programme	-	-	-	-0.1	**-0.1**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-18.0**	**-18.0**
Closing balance 30 June 2023	**0.8**	**76.3**	**-6.6**	**211.7**	**282.2**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	Second quarter 2023	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Cash flow from operations						
Result before tax		8.1	17.0	16.0	26.9	58.9
Adjustment for:						
Depletion, depreciation		10.5	10.2	21.4	20.7	40.5
Exploration costs		0.1	-	0.1	1.0	4.5
Other non-cash related items		-0.5	-3.4	-0.3	-4.2	-4.4
Income tax paid		-	-	-0.1	-	-
Total cash flow from operations before change in working capital		**18.1**	**23.8**	**37.1**	**44.4**	**99.5**
Change in receivables		4.7	12.7	7.0	-2.3	-17.7
Change in liabilities		2.8	-9.7	1.9	-3.7	5.2
Cash flow from operations		**25.7**	**26.8**	**46.1**	**38.4**	**87.0**
Investment activity						
Investment in oil and gas properties	4	-21.4	-19.6	-41.4	-44.2	-89.1
Investment in other fixed assets		-0.3	-0.1	-0.3	-0.2	-0.3
Dividend from associates		-	-	-	-	0.1
Cash flow from investment activity		**-21.7**	**-19.7**	**-41.7**	**-44.4**	**-89.3**
Financing activity						
Repurchase of shares		-0.3	-	-2.2	-	-1.6
Dividend		-	-6.6	-	-6.6	-6.6
Share redemption		-9.0	-16.2	-9.0	-16.2	-16.2
Incentive programme		-0.7	-	-0.7	-	-0.2
Cash flow from financing activity		**-10.0**	**-22.8**	**-12.0**	**-22.8**	**-24.6**
Period cash flow		**-6.0**	**-15.7**	**-7.6**	**-28.8**	**-26.9**
Cash and cash equivalents at the beginning of the period		39.9	55.4	41.5	68.6	68.6
Exchange gains/losses on cash and cash equivalents		-0.0	0.5	-0.0	0.4	-0.2
Cash and cash equivalents at the end of the period		**33.9**	**40.2**	**33.9**	**40.2**	**41.5**

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	Second quarter 2023	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Other income		3.7	3.3	9.1	7.0	14.8
Administrative expenses		-18.9	-9.8	-32.6	-19.9	-49.7
Dividend income from associates		-	-	-	-	1.6
Exploration costs		-	-	-	-	-0.4
Operating result		**-15.2**	**-6.5**	**-23.5**	**-12.9**	**-33.7**
Net financial result		**37.0**	41.5	**42.7**	59.1	327.9
Result before tax		**21.8**	**35.0**	**19.2**	**46.2**	**294.2**
Income tax		-	-	-	-	-
Net Result[1]		**21.8**	**35.0**	**19.2**	**46.2**	**294.2**

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

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	Note	30 Jun 2023	31 Dec 2022
ASSETS			
Total non-current assets		1,020.9	904.2
Total current assets		55.6	55.9
TOTAL ASSETS		**1,076.5**	**960.1**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		277.3	442.4
Total current liabilities		722.0	440.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,076.5**	**960.1**

NOTES

General information

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

Accounting principles

The interim report for the period ended 30 June 2023 and has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act.

The interim consolidated financial statements have been prepared, consistent with the 2022 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Accounts Act.

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

The interim report does not contain the entirety of the information that appears in the annual report and accordingly, the interim report should be read in conjunction with the 2022 annual report.

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

The interim financial information for 2023 and 2022 is not reviewed by the company's auditors.

Exchange rates

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

Currency	30 Jun 2023 Average	30 Jun 2023 Period end	30 Jun 2022 Average	30 Jun 2022 Period end	31 Dec 2022 Average	31 Dec 2022 Period end
SEK/USD	10.47	10.85	9.59	10.22	10.12	10.44

Tax

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

Note 1) Risks and uncertainties

Tethys Oil is exposed to a variety of risks associated with oil and gas operations. Risk management is an integral part of the Company's business activities, and the business areas consequently have the main responsibility for managing risks arising from its business activities. A detailed analysis of Tethys Oil's operational, financial, and external risks and mitigation of those risks through risk management is described in Tethys Oil's Annual report 2022.

The conflict in Ukraine

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

Note 2) Segment reporting

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

Producing assets includes the Company's non-operated interest in Blocks 3&4. Non-producing assets include the operated exploration interests in Block 49, Block 56 and Block 58.

The segment Other includes the head office and other central functions across the Group. Oil & Gas properties detailed analysis is presented in note 4.

Group income statement January-June 2023

MUSD	Producing assets	Non-producing assets	Other	Total
Revenue and other income[1]	70.1	-	-	70.1
Operating expenses[2]	-28.8	-0.7	-	-29.5
Depreciation, depletion and amortisation	-21.4	-	-0.3	-21.7
Exploration costs	-	-	-0.1	-0.1
Administrative expenses	-1.5	-0.1	-3.3	-4.9
Operating result	**18.3**	**-0.8**	**-3.7**	13.8
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income[1]				
Oman	70.1	-	-	70.1
Other	-	-	-	-
Oil and gas properties as of 30 June 2023	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Oil and gas properties	216.6	49.4	0.0	266.0

Group income statement January-June 2022

MUSD	Producing assets	Non-producing assets	Other	Total
Revenue and other income[1]	72.4	-	-	72.4
Operating expenses	-24.8	-	-	-24.8
Depreciation, depletion and amortisation	-20.5	-	-0.2	-20.7
Exploration costs	-1.0	-	-	-1.0
Administrative expenses	-2.3	-	-1.1	-3.4
Operating result	**23.8**	**0.0**	**-1.3**	22.5
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Revenue and other income[1]				
Oman	72.4	-	-	72.4
Other	-	-	-	-
Oil and gas properties as of 30 June 2022	**Producing assets**	**Non-producing assets**	**Other**	**Total**
Oil and gas properties	184.4	41.8	0.3	226.5

1. *Revenue and other income relate only to external customers.*
2. *Operating expenses for Non-producing assets relate to the extended well testing at Block 56*

Note 3) Revenue and other income

MUSD	Second quarter 2023	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Revenue	37.8	26.1	76.3	64.7	149.4
Underlift (+) /overlift (-), adjustments	-3.1	11.7	-6.2	7.7	7.1
Revenue and other income	**34.7**	**37.8**	**70.1**	**72.4**	**156.5**

Note 4) Oil and gas properties

MUSD Licence	Phase	Tethys Oil's share	30 Jun 2023	Investments	DD&A	Exploration cost	Site restoration and other adjustments	31 Dec 2022
Blocks 3&4, Oman	Prod.	30%	**216.6**	39.5	-21.4	-	-	198.5
Block 49, Oman	Expl.	100%	**1.1**	0.4	-	-	-	0.6
Block 56, Oman	Expl.	65%	**40.1**	1.2	-	-	-	38.9
Block 58, Oman	Expl.	100%	**8.3**	0.3	-	-	-	8.0
New ventures			**-**	-	-	-0.1	-	0.1
Total			**266.0**	**41.4**	**-21.4**	**-0.1**	**-**	**246.1**

Note 5) Trade and other receivables

MUSD	30 Jun 2023	31 Dec 2022
Trade receivables oil sales	10.5	12.5
Underlift position	-	6.1
Non-trade receivables	5.0	4.9
Joint operation receivables	0.7	0.1
Other current receivables	3.9	3.3
Total	**20.2**	**26.9**

Note 6) Accounts payable and other current liabilities

MUSD	30 Jun 2023	31 Dec 2022
Accounts payable	0.4	0.6
Joint operations payable	19.1	16.9
Overlift position	0.1	-
Tax liabilities	0.5	0.6
Dividend payable	5.9	-
Other current liabilities	1.3	1.5
Total	**27.3**	**19.6**

Note 7) Related party transactions

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

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

Note 8) Incentive programmes

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

Warrants

Warrants have been issued annually since 2015, following a decision by the respective AGM. Since 2021 warrants are only issued to the Executive Management. In the second quarter 2023 250,000 new warrants were issued.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants				
				1 Jan 2023	Issued 2023	Exercised 2023	Expired 2023	30 Jun 2023
2020 programme	13 Jun - 6 Oct 2023	45.40	1.19	350,000	-	-	-	**350,000**
2021 programme	12 Jun - 4 Oct 2024	66.70	1.14	200,000	-	-	-	**200,000**
2022 programme	18 Aug - 6 Oct 2025	93.70	1.06	160,000	-	-	-	**160,000**
2023 programme	3 Jun - 28 Sep 2026	60.00	1.00	-	250,000	-	-	**250,000**
Total				**710,000**	**250,000**	**-**	**-**	**960,000**

Long-Term Incentive Programme (LTIP)

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

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

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

The maximum limit for the program is MSEK 6.0, for 2023 a total amount of MSEK 1.5 was granted to participants and a total of MSEK 1.1 remains outstanding for the remaining instalments.

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

The maximum limit for the program is MSEK 4.1, for 2023 a total amount of MSEK 1.2 was granted to participants and a total of MSEK 2.8 remains outstanding for the remaining instalments.

Note 9) Tax

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

Local income generated in Tethys Oil's Gibraltar subsidiaries are subject to Gibraltar taxes, reported on annual basis.

Note 10) Pledged assets

The parent company has no pledged assets as per 30 June 2023 (On 30 June 2022, MSEK 0.5 was pledged related to the office rental space).

Note 11) Contingent liabilities

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

Note 12) Subsequent events

Other than as described in the report, no significant events have occurred after the end of the reporting period.

ALTERNATIVE PERFORMANCE MEASURES: RELEVANT RECONCILIATIONS

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and the Board of Directors to measure Tethys Oil's financial performance.

Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Besides the definitions presented in the section "Alternative performance measures: Glossary and Definitions, definitions of alternative performance measures" additional information can be found in the 2022 Annual Report.

EBITDA and Net cash, MUSD	**Second quarter 2023**	Second quarter 2022	First six months 2023	First six months 2022	Full year 2022
Operating result	6.1	13.9	13.8	22.5	54.2
Add: Depreciation. depletion and amortisation	10.7	10.2	21.7	20.7	40.5
Add: Exploration costs	0.1	0.0	0.1	1.0	4.5
Less: Share of net result from associates	-	-	-	-	-0.1
EBITDA	**16.9**	**24.1**	**35.7**	**44.3**	**99.1**
Cash and cash equivalents	33.9	40.2	33.9	40.2	41.5
Less: Interest bearing debt	-0.3	-0.6	-0.3	-0.6	-0.5
Net cash	**33.6**	**39.6**	**33.6**	**39.6**	**41.0**

Key data per quarter

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net daily production before government take, Blocks 3&4, bbl	8,994	9,411	9,441	9,788	10,068
Net entitlement barrels, bbl	425,585	440,441	467,564	378,742	385,005
Net entitlement share of production, percent	52%	52%	54%	42%	42%
Oil sales, bbl	463,196	471,550	424,444	420,474	261,072
Achieved Oil Price, USD/bbl	81.6	81.7	93.3	107.3	100.1
Average OSP, USD/bbl	81.3	81.6	92.9	107.9	101.8
Operating expenses, USD/bbl	17.4	17.2	15.0	13.6	13.2
Revenue and other income, MUSD	34.7	35.3	43.2	40.9	37.8
EBITDA, MUSD	16.9	18.7	27.8	27.0	24.1
Operating result, MUSD	6.1	7.7	14.8	16.9	13.9
Earnings per share after dilution, USD	0.25	0.25	0.40	0.56	0.52
Cash flow from operations, MUSD	25.7	20.4	25.2	23.5	26.8
Investment in oil and gas properties, MUSD	21.4	20.0	24.6	20.2	19.6
Free cash flow, MUSD	4.0	0.4	0.4	3.4	7.1
Cash and cash equivalents, MUSD	33.9	39.9	41.5	42.1	40.2
Return on shareholders' equity, rolling 12 months	18%	20%	22%	19%	15%
Return on capital employed, rolling 12 months	16%	18%	19%	16%	12%
Share price end of period, SEK	48.8	54.7	60.5	62.7	63.5

ALTERNATIVE PERFORMANCE MEASURES: GLOSSARY AND DEFINITIONS

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance, or cash flows that are not defined or specified in the applicable regulations for financial reporting, IFRS, and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS.

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

Definitions of key ratios and abbreviations

EBITDA-margin	EBITDA as a percentage of revenue and other income.
Equity ratio	Shareholders' equity as a percentage of total assets.
Return on shareholder's equity, rolling 12 months	Return on shareholder's equity is calculated by dividing the net result for the past 12 months by the average of the ingoing and outgoing shareholder's equity for the same period.
Return on capital employed, rolling 12 months	Return on capital employed is calculated dividing the operating result for the past 12 months by the average capital employed (equity plus non-current liabilities) for the same period.
Net entitlement	Volumes and share of oil production from Joint operation, which the company is entitled to sell expressed in barrels. Calculated monthly based on EPSA. Consist of 2 components: Cost oil and Profit Oil.
Net entitlement share	The oil production from Joint operation, which the company is entitled to sell expressed as a percentage of the company's total share of the oil produced. Calculated as Cost oil plus Profit Oil divided by Production.
Cost Oil	The Cost Oil is the value of recoverable costs incurred in the period and any outstanding balance of unrecovered historical cost from previous periods ("the Cost Pool") The total amount of Cost Oil for a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP").
Profit Oil	Profit Oil remains after the deduction of Cost Oil. 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 resulted 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	Oil production is often given in numbers of Barrels of Oil per Day.
Mbo	Thousand Barrels.
Mmbo	Million Barrels.
EPSA	Exploration and Production Sharing Agreement.
Prospective resources (2U)	Like reserves and contingent resources, prospective resources volume estimates are defined probabilistically. 1U is the low estimate, 2U is the best estimate and 3U the high.

ABOUT TETHYS OIL AB(PUBL)

Tethys Oil is an oil exploration and production company with focus on onshore areas with known oil discoveries. The company's core area is the Sultanate of Oman, where it has been present since 2006 and currently holds interests in Blocks 3&4, Block 49, Block 56 and Block 58. Tethys Oil has 2P reserves of 23.9 mmbo and 2C Contingent Resources of 14.6 mmbo and had an average oil production of 9,940 barrels per day during 2022. The company's shares are listed on Nasdaq Stockholm (TETY).
Website: www.tethysoil.com

Mission

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

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

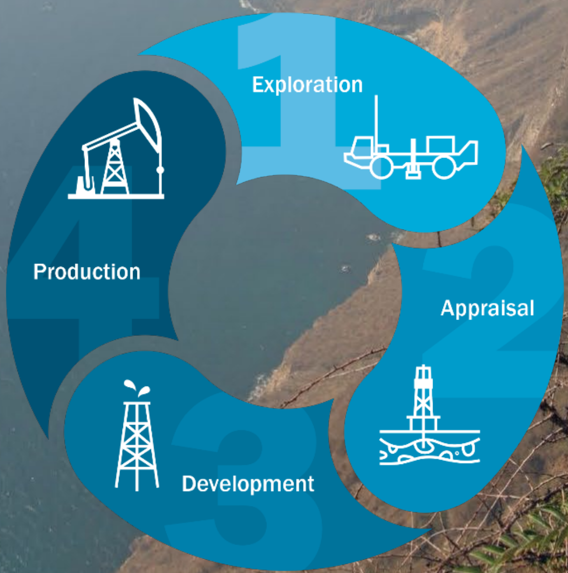
Vision

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

Values

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

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



FINANCIAL CALENDAR:

- Report for third quarter 2023 (January – September 2023) on 7 November 2023
- Year-end report 2023 (January – December 2023) on 5 February 2024
- Report for first quarter 2024 (January – March 2024) on 7 May 2024
- Report for second quarter 2024 (January – June 2024) on 6 August 2024

CONFERENCE CALL

Date: 8 August 2023
Time: 10.00 CEST

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

Link to webcast: https://edge.media-server.com/mmc/p/podr9kj2

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

Stockholm, 8 August 2023

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

Board assurance

The Board of Directors and the Managing Director certify that the half-year report gives a fair review of the performance of the business, position and profit or loss of the Company and the Group and describes the principal risks and uncertainties that the company and the companies in the Group face.

Per Seime
Chairman

Rob Anderson
Director

Klas Brand
Director

Alexandra Herger
Director

Magnus Nordin
Managing Director

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

Magnus Nordin, Managing Director, phone: +46 8 505 947 00
Petter Hjertstedt, CFO, phone: +46 8 505 947 10

For investor relations inquiries: ir@tethysoil.com

Tethys Oil AB - Hovslagargatan 5B, SE-111 48 Stockholm, Sweden - Tel. +46 8 505 947 00
Fax +46 8 505 947 99 - E-mail: info@tethysoil.com - Website: www.tethysoil.com

This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CEST on 8 August 2023.