TETHYS OIL

Annual Report 2023

23

Contents

THE MUSCAT OFFICE

The Muscat office is the base for Tethys Oil’s Chief Technical Officer and consists of a team of geologists, engineers and operations specialists together with finanace and administrative staff.

STOCKHOLM OFFICE

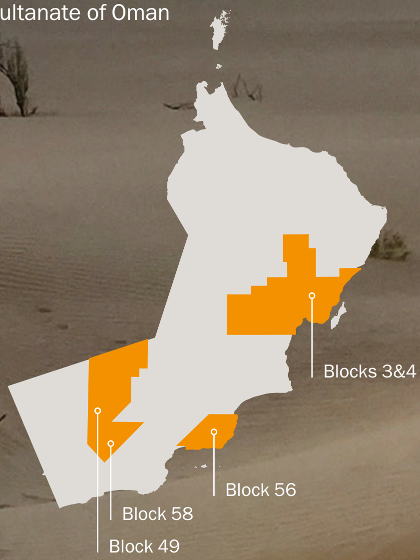
Tethys Oil’s head office is located in Stockholm, Sweden. It is the base for the Managing Director, the Chief Financial Officer and the Chief Legal Officer, along with Tethys Oil’s finance, business development, human resources, sustainability and communications staff.

More information on Tethys Oil’s employees can be found on pages 50 to 57.

Tethys Oil is an oil exploration and production company with focus on onshore areas with known oil discoveries. Founded in 2001, with headquarters in Stockholm, the Company's core area of operations is the Sultanate of Oman, where it has been active since 2006. Tethys Oil currently holds interests in the Exploration and Production Sharing Agreements for blocks that cover an area totalling 18 percent of Oman and as such is one of the largest acreage holders in Oman with a production of 8,818 barrels of oil per day. The Company's shares are listed on Nasdaq Stockholm (TETY) and are held by about 9,000 shareholders.

54,934	km²	area of operated and non-operated blocks
8,818	barrels	average oil production per day from Blocks 3&4 during 2023
21.7	mmbo	2P reserves
15.5	mmbo	2C contingent resources

Sultanate of Oman



2023 in brief

2023 was a year of high activity across Tethys Oil's portfolio and another year of historically high investments. At the same time MUSD 17.5 was returned to shareholders in the form of dividend, redemptions and share repurchases.

Production from Blocks 3&4 in 2023 was 8,818 bopd with the newly drilled wells in the year unable to offset natural declines in combination with a number of legacy wells performing below expectations. During the year, four exploration wells were drilled and 4,230 km^2 of 3D seismic was acquired. Other investments focused on upgrading production facilities including increased and improved water handling capacity, well workovers and the installation of new pumps. These initiatives, aimed at reducing unscheduled productions stops and outages, resulted in improved production stability towards the end of the year.

The reserve replacement ratio on Blocks 3&4 was 32 percent for 2P reserves, with additions from 2C contingent resources and upgraded recovery factors on parts of the fields more than offsetting the negative reserve impact of the underperforming wells.

The first phase of Gas-to-Power-project on Blocks 3&4 was commissioned in December. The project will reduce routine flaring by utilising the gas to power the operations on the fields. As a result of the gas utilisation the usage of diesel-powered generators will be greatly curtailed, reducing both total emissions and operating expenses. A second phase will be rolled out in 2024.

On Block 56, the Al Jumd discovery was put on a six-month extended well test. During the test the three wells produced more than 60,000 barrels of oil and yielded important data for the potential development of the block. South-west of Al Jumd, the Menna-1 exploration well was drilled in December encountering oil across three target zones. The well will be tested in 2024 and is a key element in Tethys Oil's ambition to submit a declaration of commerciality and enter into the production phase in 2024.

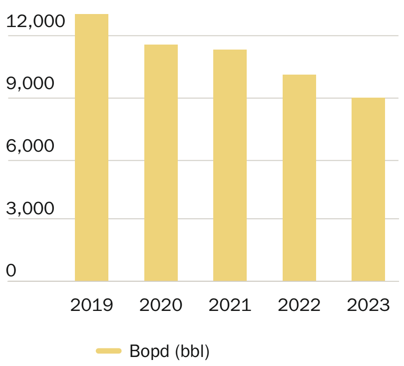
On Block 58, the prospect inventory for the Fahd area was completed in February with an estimated 184 mmbo of unrisked prospective resources (Pmean) across three mapped prospects. The first exploration well in the area, Kunooz-1, is targeting more than 100 mmbo of prospective resources and is planned to spud in April 2024. In parallel, the processing and interpretation of the 450 km^2 3D seismic data covering South Lahan was completed and a prospect inventory for the area is in the final stages of completion.

On Block 49, Tethys Oil continued the preparations for the re-entry and re-testing of Thameen-1. A tendering process for an integrated service contract was conducted during 2023 but did not yield a commercially viable outcome. As of 31 December 2023, Tethys Oil is in dialogue with MEM on how to best move forward on the block.

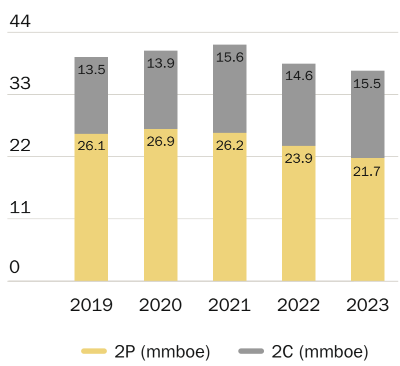
Operational and financial summary

MUSD (unless specifically stated)	2023	2022	2021	2020	2019
Average daily production Blocks 3&4, before government take, bbl	8,818	9,940	11,136	11,336	12,832
Achieved oil price per barrel, USD	82.4	94.2	62.8	47.7	64.2
Revenue and other income	138.2	156.5	112.7	101.1	150.8
EBITDA	73.5	99.1	61.4	50.4	92.2
Cash and cash equivalents	25.8	41.5	68.6	55.4	75.6
Investments in oil and gas properties	81.7	89.1	35.2	45.4	65.2
Free cash flow	0.8	-2.3	29.7	6.7	31.4
Dividend, SEK per share – 2023 proposed	0.00	2.00	2.00	2.00	2.00
Extraordinary distribution to shareholders, SEK per share 2023 proposed	0.00	3.00	5.00	2.00	3.00
Market capitalisation at the end of the year, MSEK	1,454	1,955	2,059	1,626	3,063
2P Reserves in Oman (million barrels of oil)	21.7	23.9	26.2	26.9	26.1
2C Contingent Resources in Oman (million barrels of oil)	15.5	14.6	15.6	13.9	13.5

Production per day, barrels



Total net reserves and resource, million of barrels



Carbon emissions/ revenue (kg CO_2e/USD)

1.70

(1.71 kg CO_2e/USD)

Lost-time injury rate (LTIR)

0.18

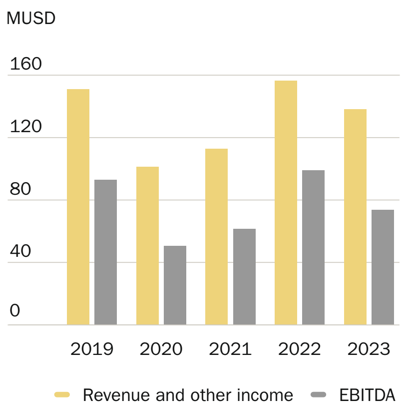
(0.23h per 1 mn hours worked)

Flaring intensity (scf/bbl)

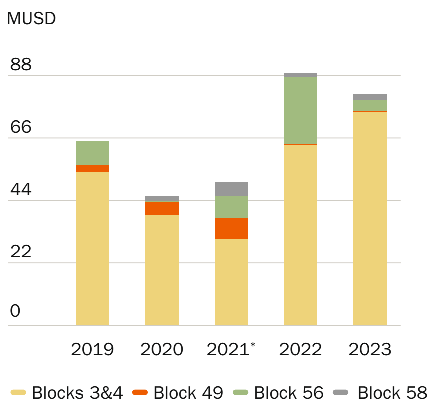
715

(727 scf/bbl)

Financials

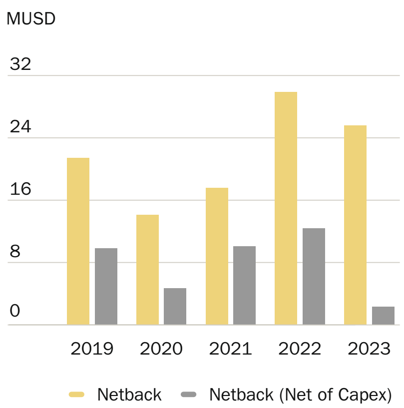


Investments oil & gas per block

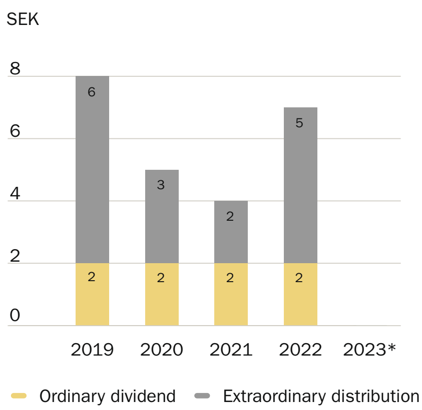


*2021 investments for Block 49 are presented adjusted for effects of the farmout to EOG

Netback & Netback (net of capex)



Dividend and distribution per share



*Proposed dividend and distribution

Dear Friends and Investors,

The document you hold in your hands, or more likely, read on your screen is our first integrated report including the annual report, corporate governance report and sustainability report. This comprehensive report of 132 pages, including copious detailed notes, attempts to cover all aspects of our corporate activities, operations, and investments. Financial reporting has been a central part of corporate reporting since the invention of the limited liability company in the 19th century. As reporting standards have evolved over time so has the general scope of reporting. Over the last years hard facts on Sustainability has become an increased focus area and Tethys has published a separate Sustainability Report since 2017. Just as IFRS is applied to financial reporting, ESRS is expected to become the international standard for sustainability reporting, covering everything from emissions (Greenhouse Gas Protocol) through Health and Safety as well as Corporate Governance.

As a Company we sincerely welcome a framework to enable standards of reporting to be set and comparability to between corporations to be possible. Going forward a corporation's record will be clearly measurable not only financially but also sustainably through the Corporate Sustainability Reporting and Disclosure (CSRD) alignment as directed by the European Union.

So how did Tethys score in 2023?

To date our operating activities have been limited but if can we bring Block 56 into commercial production, that activity will increase and our opportunities to set meaningful Scope 1 goals will increase as a result. Recognising these opportunities, the Board has formed a sustainability Committee to complement the previous Technical Committee that was tasked with overseeing our operational activities.

Both sustainably and financially 2023 saw limited activities in our operated Blocks. Investments amounted to just over MUSD 6 most of that in Block 56 where we took a major step toward Commercial Production by conducting a six-month production test of the Al Jumd discovery. More than 60,000 barrels of oil were produced and sold generating income and scope 1 emissions primarily related to diesel used to power pumps to facilitate the production. The continuing work programme and appraisal of Block 56 calls for the testing of the Menna-1 well completed early this year and the completion of a field development plan to enable Block 56 to enter into commercial production. Bringing Block 56 into commercial production is one of the key goals for 2024 and one to which we devote considerable resources.

Commercial production from Block 56 would be a very welcome complement to our current production and cash flow, which comes entirely from our non-operated 30 percent interest in Blocks 3&4. The blocks are operated by CCED in partnership with Mitsui E&P Middle East which holds 20 percent, and Tethys.

Production continued to decline for the second year in a row before stabilizing towards the end of 2023. We have guided for stable production in 2024 and the year has started off well. In February 2024 we announced a strategic review to evaluate our portfolio of assets and their relative importance and prospects. Given the discrepancy at the time of writing between our book value and market capitalisation, the Board has requested such a review to better understand how to realise what we believe to be hidden values.

Blocks 3&4, being the core of our production and financials, is a central part of such a review. Production for 2023 amounted to 8,818 bopd compared to 9,940 bopd for 2022. Reserves at year-end 2023 came in at 21.7 mmbo compared to 23.9 mmbo at year-end 2022, resulting in a reserve replacement number of 32 percent, compared to 37 percent in 2022, the lowest in ten years. During 2023, we invested MUSD 75.2, up from MUSD 63.4 the year before. When doing our impairment trigger test we found that the fair value had not increased compared to 2022 and thus a, non-cash affecting, impairment charge of MUSD 37 was incurred (the impairment corresponds to about half of the investments made in 2023), bringing the recognised value to MUSD 190. At the end of 2022 that value was MUSD 198.5. Of the MUSD 75.2 invested in Blocks 3&4, more than MUSD 15 were part of the flag ship sustainability project being implemented – to use associated gas to electrical power. The first phase commenced in December, and fully implemented the project will enable diesel to be phased out and natural gas to be used for power generation, lowering both costs and emissions.

So, we strongly believe that the MUSD 190 reflect a very reasonable value of the asset in the current oil price environment. The impairment model used a real long-term oil price corresponding to USD

76 and a WACC of 14.5 percent. And the resource base remains impressive with 2P reserves of 21.7 mmbo but 3P reserves of 36.3 mmbo, which is actually an increase year on year (the 2022 number was 36.2). Contingent resources of 15.5 mmbo 2C further adds to the remaining potential of the blocks. And maybe more importantly: Cash flow from operations for 2023 amounted to MUSD 82.7 only down by MUSD 5 from the MUSD 87.5 achieved in 2022 despite the drop in production. The cash flow from operations multiple compared to our market cap is a mere 1.4! so we certainly believe there is still value to be had from Blocks 3&4. Put in perspective the Blocks have generated production of 43 million barrels since production started, with half as much remaining in reserves and almost as much remaining in reserves and contingent resources. And those 43 million barrels have resulted in distribution to shareholders of a very impressive SEK 43 per share!

Looking forward Blocks 3&4 certainly have value and can continue to deliver both production and cash. How best to realise that value for our shareholders is part of the ongoing strategic review process.

2024 should also be the year when Block 56 enters commerciality and starts contributing production and cash flow. And our wildcard wildcat on Block 58, the Kanooz-1 well is expected to be drilled in the 2nd quarter. Targeting more than 100 mmbo of unrisked prospective resources a success on Block 58 would of course dwarf anything else we are currently doing.

So stay with us, there are a few things we must prove, and we are working on those as well as sharpening both our financial and sustainability goals. 2023 had challenges. 2024 will hopefully see them overcome. And Tethys will continue on its journey to be an energy company also for the future.

Stockholm, March 2024

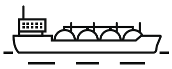
Magnus Nordin
Managing Director

Business model: Tethys Oil's position in the value chain

The oil and gas industry is a vital part of the global economy, providing energy for transportation, heating, electricity generation and various industrial processes. The industry is divided into three sectors: upstream, midstream and downstream.

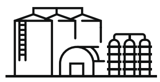
Upstream

Involves exploration activities such as seismic surveys and exploration and appraisal drilling. The upstream activities also include onshore and offshore development, production and sales of oil and gas.



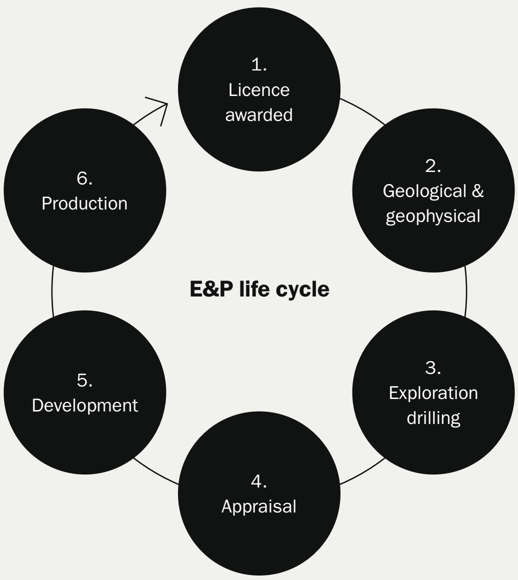
Midstream

Includes storage, transportation and distribution. Building and operating of pipelines and other transport methods such as oil tankers and physical trading of oil and gas as well as related products.



Downstream

Refining, marketing and distribution of petroleum products, including gasoline, diesel jet fuel, lubricants and petrochemicals to end consumers through various channels. Including filling stations, wholesale distribution and direct sales to industrial customers.



Tethys Oil's exploration and production life cycle
The stages represent an overview of the process from licence award to production, which is complex and involves risks and opportunities at each step.

1.
A licence is awarded from the government to explore for oil in a specific area.

2.
Geological & geophysical includes surface geology and seismic surveys where geoscientists try ito identify potential hydrocarbon deposits.

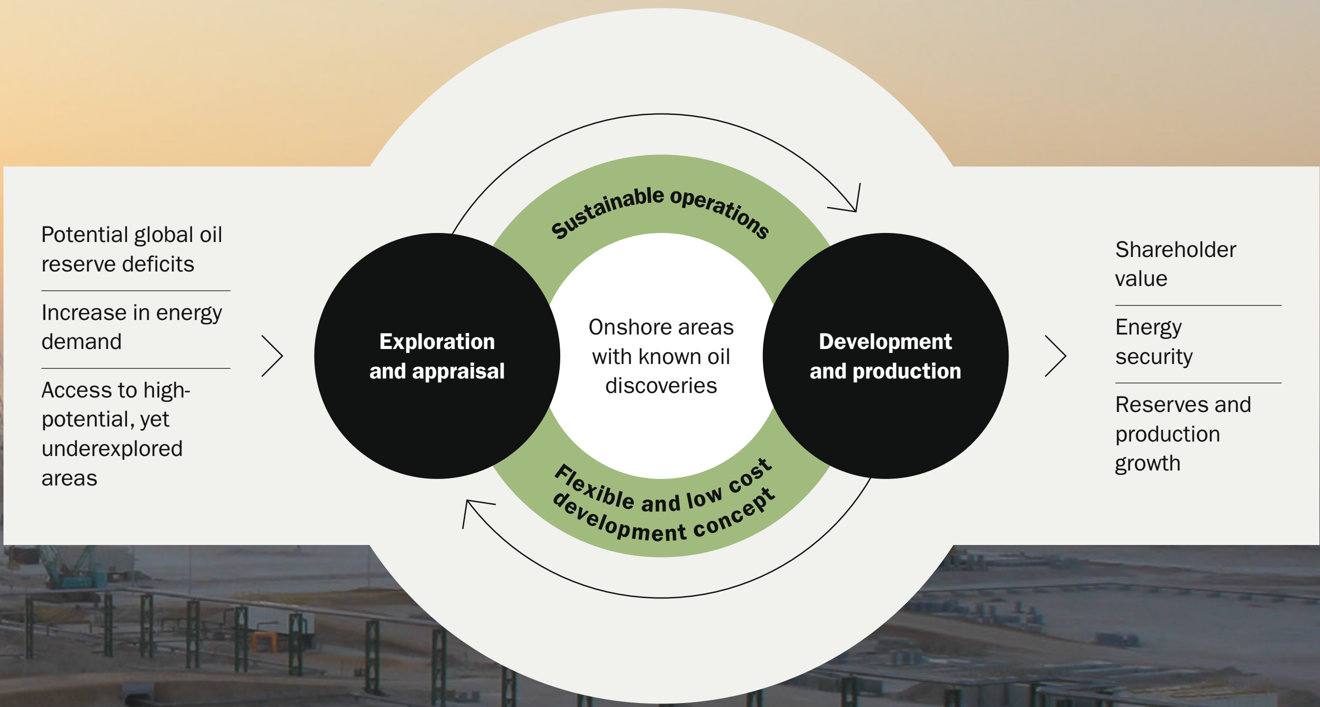
3.
Exploration drilling based on findings of G&G studies.

4.
Additional wells are drilled in the appraisal stage to determine extent of discoveries.

5.
Development starts, including construction of production infrastructure.

6.
Production begins and the extracted oil is being transported to buyers.

Tethys Oil's business model



Tethys Oil's position

Tethys Oil is active in the upstream oil and gas industry, working across the whole lifecycle of exploration, appraisal, development, and production. Tethys Oil seeks to build, maintain and expand a well-balanced portfolio of oil assets, offering a measured exposure to onshore production, development, appraisal and exploration potential. The focus 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, creating shareholder value through responsible oil and gas exploration and production.

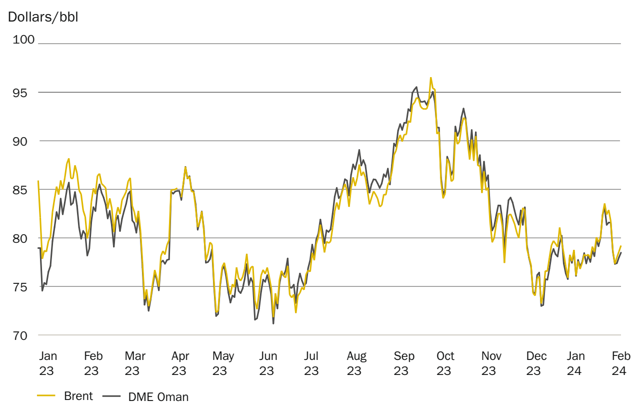
Tethys Oil's Board of Directors has authorised the executive management to explore the possibility of investing in energy transition businesses. The scope of the exploratory work should focus on the company's subsurface competence and/or its geographic footprint in the Nordics and Baltics as well as Oman and the Gulf region. Read more about Tethys Oil's approach to sustainability on pages 35 to 79.

Energy market and transition

More stable oil price despite continued turbulence
The oil price development was more stable in 2023 when compared to 2022, delivering an average price of around USD 83 per barrel for both Brent and DME Oman oil blends with a peak of USD 96.5 per barrel in September. This was markedly lower than in 2022 when the peak was reached in March after Russia's invasion of Ukraine, with the volatility of the price being very high throughout the year. The first half of 2023 was dominated by demand factors, particularly by expectations of strong recovery in oil demand in China, when the economy started reopening, after strict COVID-19 policies. The opposing factor was the extraordinary pace of monetary tightening in most of the advanced and developing economies causing a slowdown in economic growth. The second half of the year was dominated by supply factors, with OPEC+ playing an important role in stabilisation of oil markets when participating countries decided to proceed with the cuts of oil production, which improved global demand/supply balance and lead to recovery in oil price.

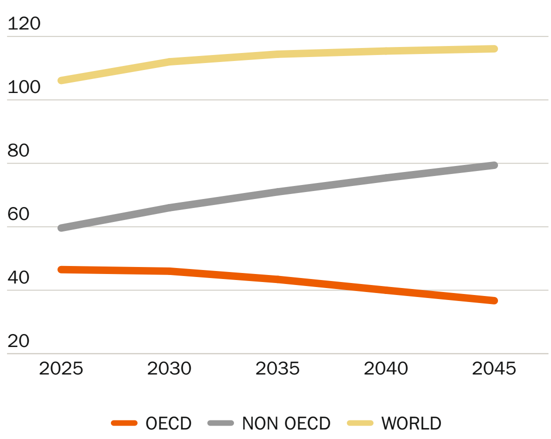
Oil demand will continue to grow…
Despite different scenarios for decarbonisation of business activities and economic sectors, there is a shared view among forecasters that there will be solid demand for petroleum products in the middle of the 21st century. Given strong population and economic growth in the regions with a relatively low energy consumption per capita, the world will need more energy produced in 2045 than today, with only part of that additional demand covered by renewable energy sources according to OPEC. Oil consumption in non-OECD countries is expected to grow rapidly, by around 26.0 million barrels per day by 2045, or by 48 per cent compared to 2022. Oil consumption in the OECD countries on the other hand is expected to start to gradually decline by the early 2030s. Despite the decline, by 2045 the demand in OECD is estimated to be at approximately 80 percent of the 2022 level of consumption. Furthermore, global oil demand is expected to increase by 16.5 percent between 2022–2045, or by 16.4 million barrels oil per day in volumes.

Oil price development in 2023–2024, Brent and DME Oman blends



Source: Bloomberg

Long-term oil demand by region, mb/d



Source: OPEC

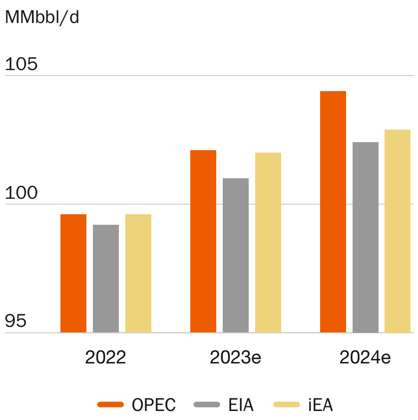
In the short term, looking at 2024, there is consensus among the main energy related organisations and agencies that the demand for oil will continue growing.

…and investments are too low
In 2023, total oil inventories in the OECD countries reached the lowest level since 2004, with depletion happening due to growing oil demand and limited supply in recent years. Improvements in drilling technology and increased production efficiency, which has allowed less capital invested in drilling, have been achieved in the last decade. But the size of investments needed to meet oil and gas demand is still very large. According to Wood Mackenzie and OPEC, annual upstream investments of around USD 500 billion are required 2023–2045 to meet global demand. If underinvestment continues, it could create a tangible risk for the oil supply.

Emissions vs extraction costs: last man standing
According to the Energy Information Agency (EIA) oil will continue to play an important role in the foreseeable future under many policies and technologies scenarios, but the environmental impact of oil production (predominantly GHG emissions), should be improved. Ideally, oil should be produced where it has the lowest carbon footprint, emission per barrel, and is cheap to produce.

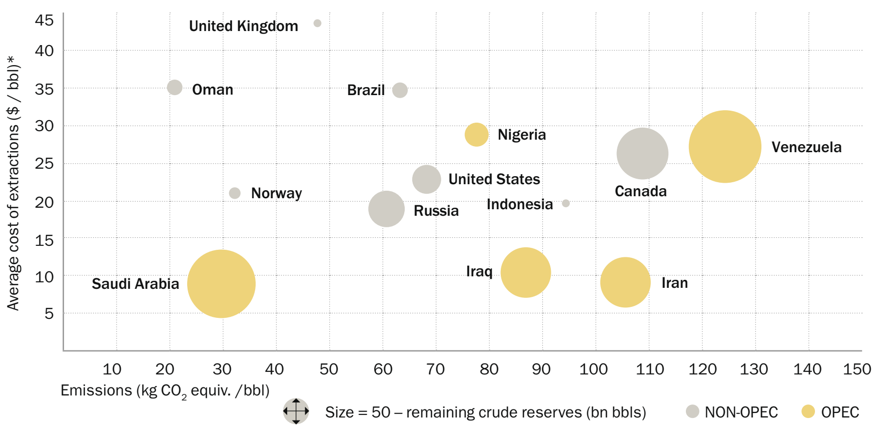
Also, a sizable portion of current global oil supply emanates from countries with political instability, many of which have experienced production decline and underinvestment in infrastructure. It is therefore important to secure more oil supply from other politically and economically stable regions, with Oman being a good example. In addition, in Oman the infrastructure for oil extraction is well developed and comprehensive and the country is moving towards more sustainable oil extraction practices. By adapting to the important challenges facing the oil sector, Oman has the potential to become one of the "last men standing" of the oil producing nations.

Global oil demand growth, MMbbl/d



Sources: OPEC, EIA, and iEA

Emissions versus extraction costs for oil reserves in selected countries



In Oman, the emission per barrels is around 21.77 kg CO_2eq per barrel, while cost of extraction (including capex) is between USD 30–40 per barrel.

* Average cost of extraction includes CAPEX, production, transportation and taxes

Sources: Accenture Analysis based on Rystad, EIA, OCI data, and National Ocean Industries Association (NOIA)

Navigating energy transition

The impact of climate change on our planet is undeniable and requires urgent action from all parts of society. It is clear that the challenge of reducing emissions and decarbonising our industries, energy and transportation systems requires a collective response with the active participation of all actors.

Transition of the oil and gas sector

According to the International Energy Agency (IEA), Oil and gas operations account for around 15 percent of global energy-related emissions, while providing roughly half of the world's energy supply. Serving not only as a primary energy source, but also an essential raw material required in several industrial processes and everyday products.

Although the demand for fossil fuels has been strong in recent years, there are signs of a change in direction with the deployment of low-emission alternatives. However, the future demand for fossil fuels is expected to vary across economies at different stages of development. In many emerging economies energy demand will remain strong, driven by factors such as urbanisation, low built space per capita and vehicle ownership relative to advanced economies. Furthermore, short term oil demand is expected to increase as the result of a projected population increase of 1.7 billion by 2050.

Oil, as a source of energy, has a role to play also in a future scenario. However, in that scenario, the type of fossil fuel supply and its emission intensity will play an important role in minimising emissions while meeting the expected global demand.

All oil is not equal

Oil is the world's largest and most diverse source of fossil fuel. Oil is found in a wide range of regions and is deposited in a wide variety of geological settings. Different oils have varied chemical makeups, and an array of technologies are needed to extract and refine each oil before it reaches consumers.

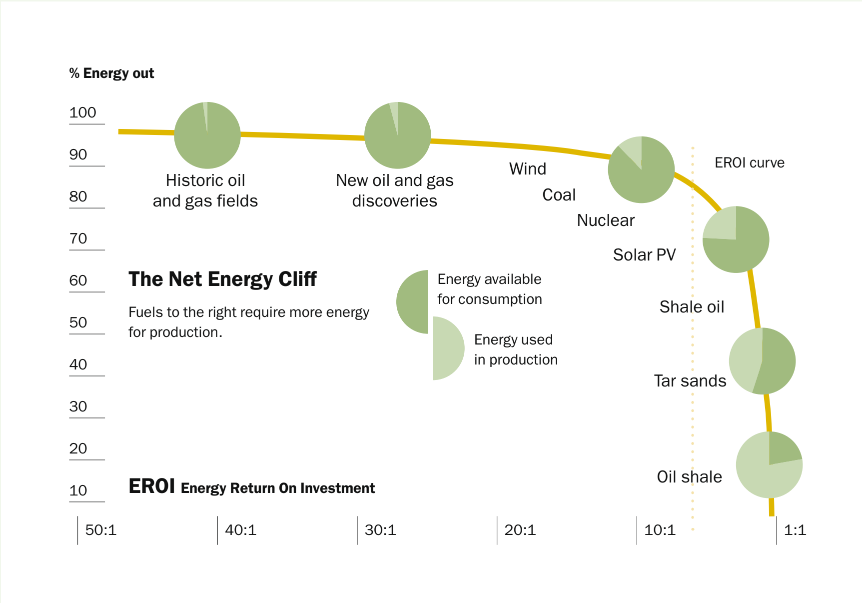
Onshore conventional light oil resources are overall much less emissions-intensive than other oils, and a relatively small proportion of its emissions come from extraction (upstream) and refining (downstream) processes.

There is no universal definition of "unconventional" oil and gas resources, however, they can broadly be considered as those that are technically more challenging to extract.

Emissions intensity can vary greatly among oil fields, with oil sands and heavy oil being the most emissions-intensive resource themes in general. If emissions from final combustion are disregarded, the emissions intensities differ considerably across various production sources. Even fields with similar characteristics can exhibit substantial differences in emissions intensities, influenced by factors such as well-maturity, viscosity, gas to oil ratio ("GOR"), location and access to external power grids.

Furthermore, studies have shown that, all else being equal, similarly managed unconventional assets display greater fundamental environmental risks than conventional assets due to either their location of operation or their extraction practices.

As an oil nation, Oman offers many advantages and other factors that meet the characteristics of onshore conventional oil and gas production. Using the existing infrastructure of Oman offers efficient production and transportation. The desert settings also offer a less sensitive environment. These are important factors in Tethys Oil's ambition to provide oil and gas in a responsible way by minimising operational emissions and interference with local biodiversity.



[1] IPCC, 2023: Climate Change 2023: Synthesis Report.
[2] IPCC, 2023: Climate Change 2023: Synthesis Report.
[3] Systemiq, 2023, Unconventional Oil & Gas Assets in the Net Zero Transition.

Source: EROI of Global Energy Resources, October 2013, The Net Energy Cliff, https://assets.publishing.service.gov.uk/media/57a08a0340f0b652dd000508/60999-EROI_of_Global_Energy_Resources.pdf

Tethys Oil's strategy: creating value from exploration to production

Value is best created by spinning the drill bit on carefully selected exploration prospects.

Oldest independent state in the Arab world

The Sultanate of Oman, located in the south-eastern part of the Arabian Peninsula, overlooks the Arabian Sea, the Sea of Oman and the Persian Gulf. It also overlooks the strategic Strait of Hormuz at the point of entry to the Persian Gulf from where it has been part of the world's oldest trade routes. Oman's neighbours include the United Arab Emirates, Saudi Arabia and Yemen. With a population of around 5 million people and area of approximately 309.500 square kilometers Oman is a sparsely populated country, though it is one or the larger countries in the region geographically.

Oman boasts a diverse landscape. It is a country that combines white sand beaches, rolling desert dunes and expansive mountain ranges. It is an old sea trading nation between Africa and Asia and also the oldest independent state in the Arab world with a long and rich history over thousands of years. Modern archaeological discoveries suggest that humans settled in Oman during the Stone Age, i.e. more than 10,000 years ago.

Oman as an oil nation

Most importantly for Tethys Oil, Oman is also a major oil nation, the largest in the Middle East that is not a member of OPEC. Oman is part of OPEC+ and has some 5.4 billion barrels of proven oil reserves and ranks as the seventh largest proven oil reserve holder in the Middle East and the 21st largest in the world. Oman's crude oil and condensate production amounted to 1,048,700 barrels per day in 2023.

The largest producer in Oman is Petroleum Development Oman ("PDO"). PDO produces around 60 percent of the total production in Oman. PDO is owned by the Omani government (60 percent), Shell (34 percent), Total (4 percent), and PTTEP (2 percent). Other major oil companies active in Oman include Occidental Petroleum, BP and ENI.

The total exports of oil and condensates during 2023 amounted to 310 million barrels. The People's Republic of China topped the list of the countries importing crude oil from Oman with 92 percent. Japan, South Korea and India combined accounted for an additional six percent of Oman's oil exports, with the remaining two percent being exported to other countries.

History of good governance

Oman, a sultantate, is viewed as a model of good governance and is defined as a country with very high Human Development Index (HDI). According to the World Bank Political Stability and Absence of Violence/Terrorism estimate, Oman is one of the most stable countries in the region. Oman is also viewed as a peace-

ful and diplomatically active actor within the Gulf Cooperation Council (GCC) and the broader Middle East. Recognising the reliance on oil and gas revenues, the work to diversify the economy of the country is ongoing.

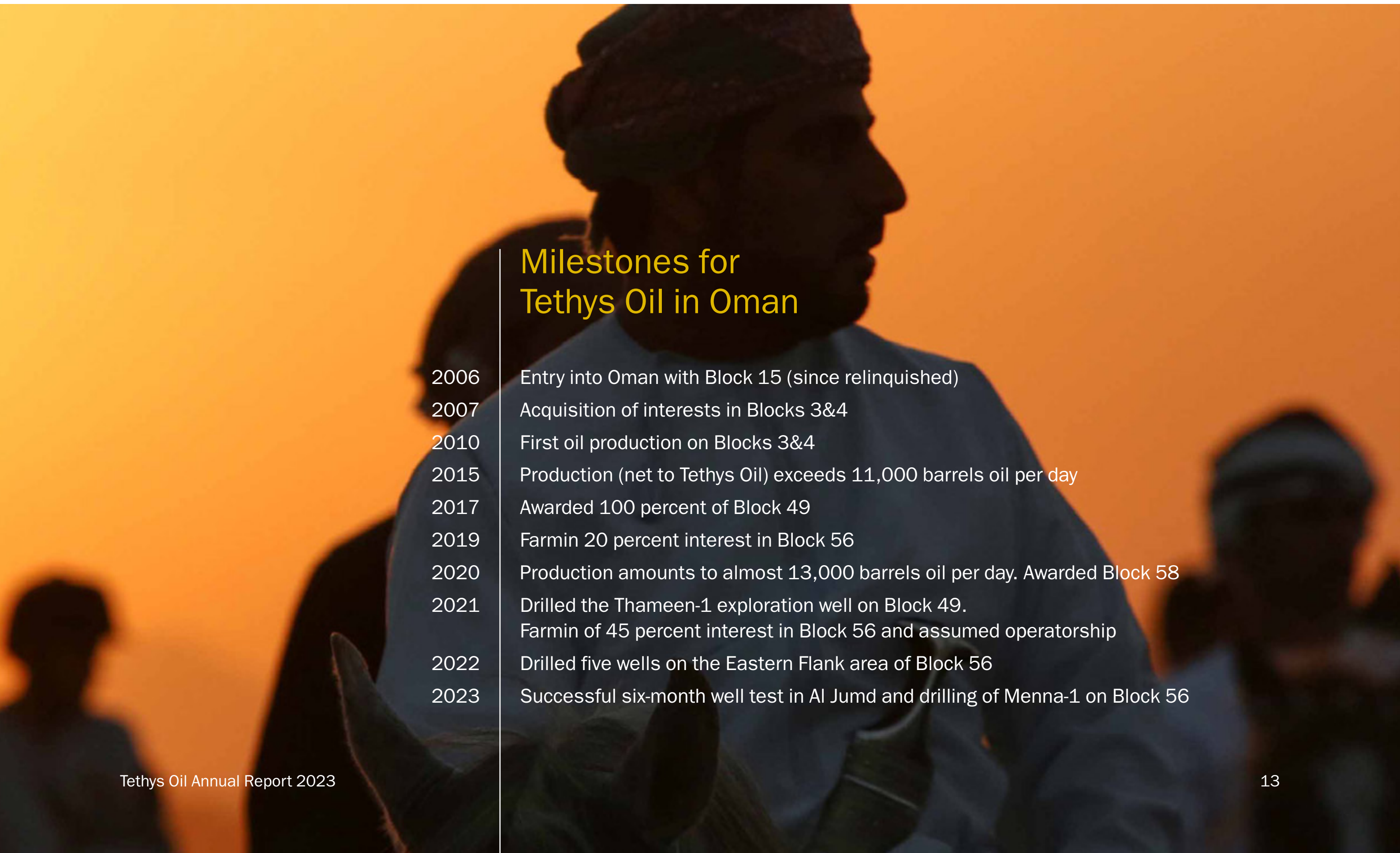
Tethys Oil has successfully produced more than 42 million barrels of oil.

Advantages of operating in Oman

There are several advantages for an oil and gas company to operate in Oman. The above mentioned good governance is one. A a transparent and tested regulatory framework, including streamlined business registrations processes, enforcement of anti-corruption measures and protecting intellectual property rights are other advantages. An existing infrastructure for oil and gas production and already established service companies are also beneficial. A talent pool of local professionals within oil and gas and the strategic geographical position of Oman, to meet the growing demand of countries in the east, such as India and China, are also important benefits. Altogether, Oman offers the opportunity for small and medium sized. oil and gas companies to establish themselves. In addition, the climate and environmental footprint of conventional onshore oil production in Oman is more favourable than in many other places, and the quality of oil produced in Oman is relatively high (for more information on this see the Sustainability Report on pages 35–79).

The footprint of Tethys Oil in Oman

Tethys Oil began its journey in Oman in 2006. Since then the company has successfully produced more than 42 million barrels of oil. Starting in 2017, Tethys Oil has built up a portfolio of operated exploration blocks focusing on the underexplored flanks of the prolific central Omani salt basins. An area that offers a variety of exploration opportunities across a multitude of geological settings. With a portfolio of high potential blocks and a skilled exploration team in Muscat, Tethys Oil is positioned for a continued exciting journey in the Sultanate of Oman for many years to come.



Milestones for Tethys Oil in Oman

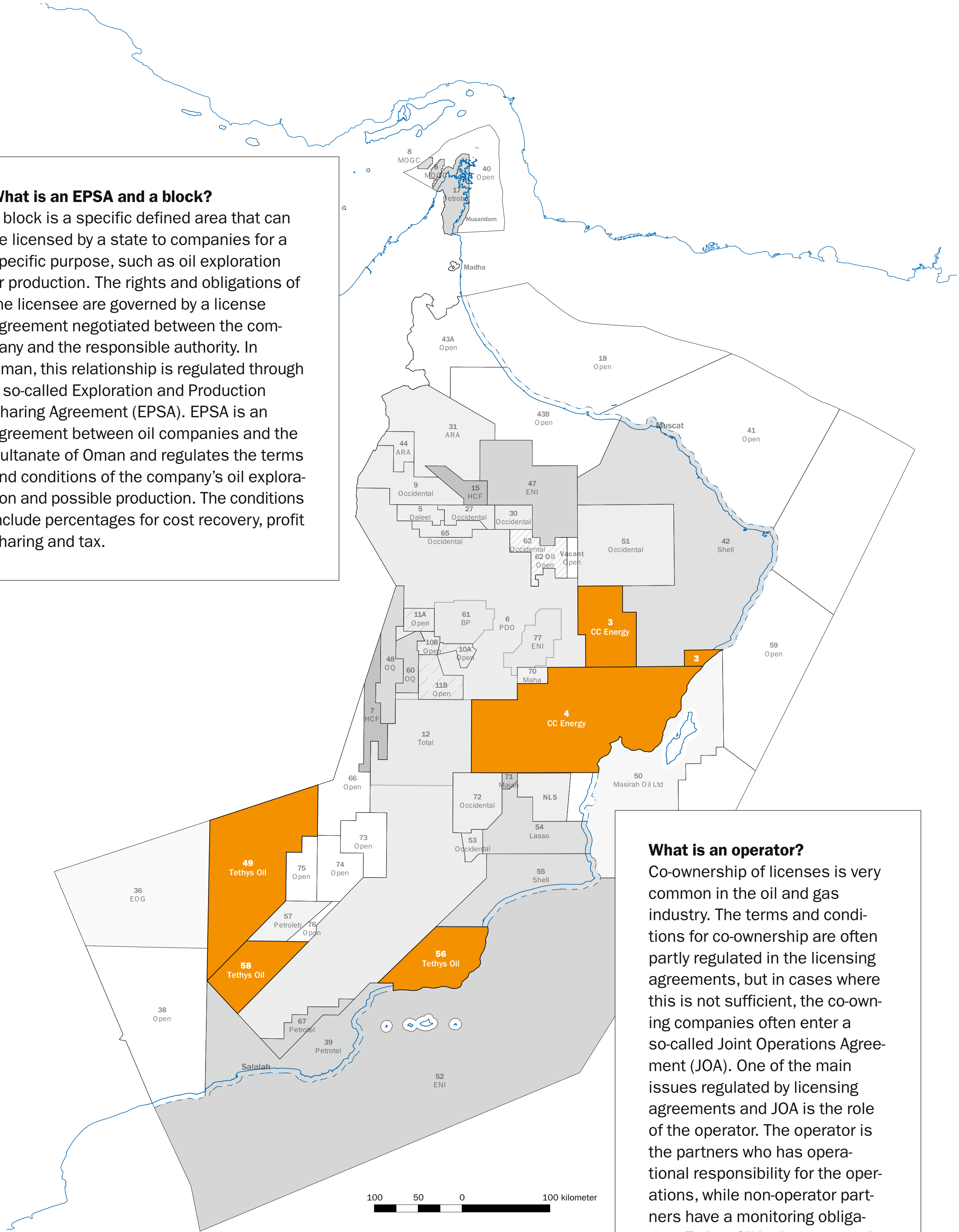
2006	Entry into Oman with Block 15 (since relinquished)
2007	Acquisition of interests in Blocks 3&4
2010	First oil production on Blocks 3&4
2015	Production (net to Tethys Oil) exceeds 11,000 barrels oil per day
2017	Awarded 100 percent of Block 49
2019	Farmin 20 percent interest in Block 56
2020	Production amounts to almost 13,000 barrels oil per day. Awarded Block 58
2021	Drilled the Thameen-1 exploration well on Block 49. Farmin of 45 percent interest in Block 56 and assumed operatorship
2022	Drilled five wells on the Eastern Flank area of Block 56
2023	Successful six-month well test in Al Jumd and drilling of Menna-1 on Block 56

Tethys Oil's exploration strategy

Value is created by focusing on the high potential, yet underexplored area, near flanks of the basins that currently constitute the majority of Oman's production. Tethys Oil's main success story so far is Blocks 3&4 with 42.7 mmbo produced for Tethys Oil and with continued significant exploration potential remaining.

Tethys Oil aims to explore, appraise and develop its operated blocks to bring them to commercial production. The focus is on low-cost drilling, near infrastructure driven exploration with short discovery to production cycles. This means, the roadmap to commerciality is maturing and Tethys Oil is committed to pursue the opportunities along the flanks of the produing basins in Blocks 56 and 58.

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



What is an EPSA and a block?
A block is a specific defined area that can be licensed by a state to companies for a specific purpose, such as oil exploration or production. The rights and obligations of the licensee are governed by a license agreement negotiated between the company and the responsible authority. In Oman, this relationship is regulated through a so-called Exploration and Production Sharing Agreement (EPSA). EPSA is an agreement between oil companies and the Sultanate of Oman and regulates the terms and conditions of the company's oil exploration and possible production. The conditions include percentages for cost recovery, profit sharing and tax.

What is an operator?
Co-ownership of licenses is very common in the oil and gas industry. The terms and conditions for co-ownership are often partly regulated in the licensing agreements, but in cases where this is not sufficient, the co-owning companies often enter a so-called Joint Operations Agreement (JOA). One of the main issues regulated by licensing agreements and JOA is the role of the operator. The operator is the partners who has operational responsibility for the operations, while non-operator partners have a monitoring obligation. Tethys Oil is the operator in Blocks 49, 56, and 58. CCED is the operator of Blocks 3&4.

Development and production

The development and production stage is when investments shift to putting a field into production. Commercial production and the revenues that follow are at the centre of the value creation cycle for the upstream oil industry. Tethys Oil's interest in Blocks 3&4 has produced over 42 mmbo since first oil in 2010.

Omani blend
The oil that Tethys Oil has the right to sell is called Omani Export Blend (or simply Omani Blend for short). As the name suggests, it is a blend of all the oil produced onshore Oman. The oil that Tethys Oil actually produces is thus mixed with the oil of all other producers. Omani blend is considered medium heavy with an API of 33.3 and slightly sour due to a relatively high sulfur content. This can be compared to the well-known international standards Brent or WTI (West Texas Intermediate) which have APIs of 37.9 and 42.0 respectively and just under half the sulphur content in comparison.

Oil exploration and production in Oman is governed by EPSAs (for more information on this see page 15). The EPSA allows the companies to recover their costs from a predetermined percentage of the value of total oil production, referred to as cost oil. After deducting any allowance for cost oil, the remaining oil production is split, also according to a predetermined percentage individual per agreement, between the government and the partners. Cost can only be recovered once a commercial discovery has been made, production has started and the production phase of the EPSA has been entered. This means that until a commercial oil discovery is made on an exploration phased block, the exploring oil company bears all the risk.

All oil produced by Tethys Oil on Blocks 3&4 in Oman is transported through a pipeline to the Qarn Alam metering station. At the metering station, the oil volumes are recorded, and the quality is measured. The majority of oil produced in Oman is onshore. From Qarn Alam, the oil is transported through the national pipeline system to the Mina Al Fahal terminal in Muscat, on the Sea of Oman, and it therefore never needs to pass through the Strait of Hormuz. At the terminal, the oil is lifted and loaded into oil tankers and shipped to the final destinations. The largest importers of oil from Oman are China and India.

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

Reserves and contingent resources

Oman, Blocks 3&4

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

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

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

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

Development of reserves (working interest), Blocks 3&4

Mbo	1P	2P	3P
Total 31 December 2022	**14,040**	**23,901**	**36,211**
Production 2023	-3,219	-3,219	-3,219
Additions and revisions	1,523	1,016	3,357
Total 31 December 2023	**12,344**	**21,698**	**36,349**
Reserve replacement ratio, %	47%	32%	104%

Contingent resources (working interest), Blocks 3&4

Mbo	1C	2C	3C
Total 31 December 2023	**5,356**	**15,529**	**32,994**

Management comments on reserves

The reserve replacement ratio (RRR) is a reflection of the robust production and increasing recovery factors of the Farha South field. These positive revisions more than offset the negative revisions that stem from the underperforming fields that have impacted production output during 2023. The disappointing results of the exploration drilling and certain appraisal wells during the year limited the 2P RRR to 32 percent.

Blocks 3&4 – extending the production plateau

Since Tethys Oil's acquisition of its interest in Blocks 3&4 onshore Oman in 2007 it has been at the core of the Group's operations. The two blocks, governed by a single EPSA, cover a total area of 29,130km^2 in the arid desert region central Oman. Oil was discovered on the Farha South field in 2009 and first oil production was achieved the year after. Since 2010 the fields on Blocks 3&4 have produced more than 140 million barrels gross, almost 43 million net to Tethys Oil. At the end of 2023 more than 21 million barrels of reserves and 15 million barrels of contingent resources net to Tethys Oil remains and with a track record of consistently adding reserves each year, the Company has plenty of running room for production and growth until the expiry of the production term in 2040.

In 2023 production averaged 8,818 barrels per oil, a decline of 11 percent compared to 2022 as the results of newer production wells were unable to offset the natural decline of the older wells. Production on Blocks 3&4 comes from over 300 active wells on seven different fields including the original Farha South and Saiwan East field as well as the Shahd cluster discovered in 2012, Ulfa, Erfan and Samha discovered in 2017 and the most recent discovery, Anan from 2019.

For the most part of 2023 four drilling rigs were active across the Blocks and a total of 40 wells were drilled of which 29 were development/production wells, seven appraisal wells and four exploration wells. In addition to the drilling rigs, two workover units were active to perform well workovers and interventions on the existing well stock. A total of 79 workovers and 466 well interventions were performed throughout the year.

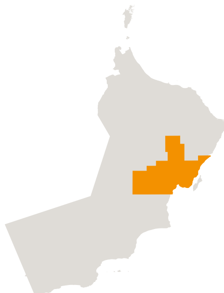
Exploration and appraisal activity on Blocks 3&4 in 2023 included four exploration wells, seven appraisal wells and the acquisition of 4,230 km^2, as well as processing and interpretation of 3D seismic data. The four exploration wells drilled targeted prospects which differed both in play type and geographic locations. Three of the exploration wells were drilled in the first quarter 2023, Elaf-1, Rahbah-1 and Jari-1. Elaf-1, located some eight kilometres northwest of Ulfa-1, targeted the Khufai and Buah formations while Rahbah-1 is located about seven kilometres southeast of the Ulfa field, where it targeted the Khufai, Buah and Barik formations. In the southern part of Block 4, Jari-1 targeted a Cryogenian age formation near where the Luja-1 well was drilled and confirmed the presence of a working petroleum system in 2019. The drilling of Jari-1 and Rahbah-1 was completed during the second quarter, and both flowed light hydrocarbons to surface. Subsequent analysis of Elaf-1 also resulted in hydrocarbons flows during testing. In the case of Elaf-1 and Rahbah-1 the flows consisted of gas and condensates, and as such are not considered viable for commercial development. They are, however, slated for inclusion in a later phase of the Gas-to-Power project. Following a comprehensive testing programme Jari-1 was deemed a technical discovery, but the estimated recoverable volumes and flow rates were considered insufficient for a development on a stand-alone basis. During the fourth quarter 2023, the fourth and final exploration well of the year, Raghad-1, was drilled as a dry well as the well logs indicated no presence of hydrocarbons. Further work is ongoing to integrate the results into the overall geological model for Blocks 3&4.

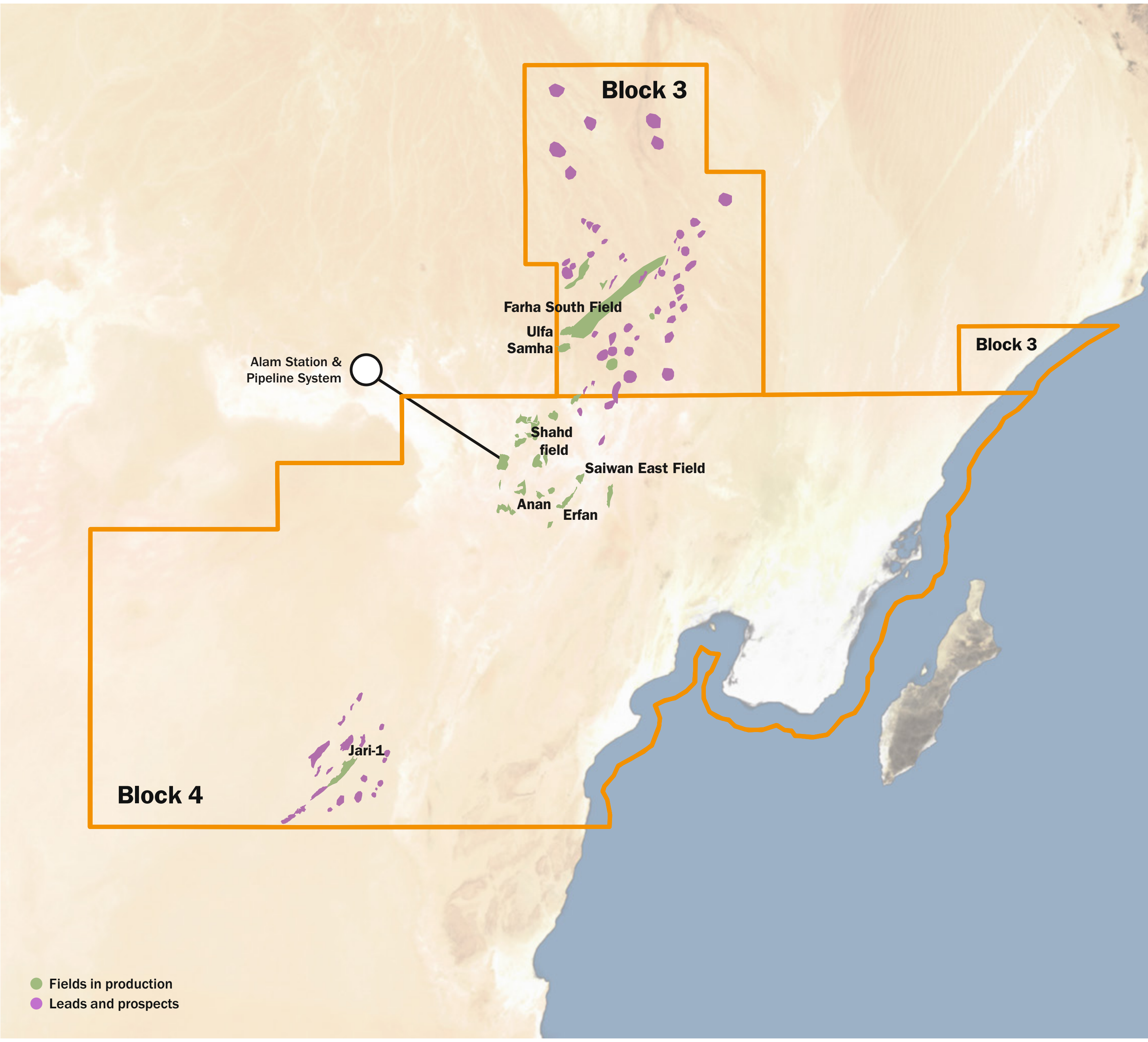
The most notable development project of 2023 was the installation and commissioning of the first phase of the Gas-to-Power project. The project aims to use the associated gas produced to replace diesel as an energy source for opera-

Facts 2023
Production: 8,818 bopd
Wells drilled: 40
Exploration wells: 4
Appraisal wells: 7
Development wells: 29

tions on the blocks, reducing costs and emissions. More information on the Gas-to-Power project can be found on page 29.

Major development projects during the year included expanding and upgrading produced water reinjection (PWRI) facilities in several areas of the field including the installation of a new PWRI facility at the Saiwan station. These upgrades together with the installation of two new permanent production separators and replacement and rerouting of flowlines and trunklines should significantly improve production capacity and stability.





Exploration and appraisal – discovering new producing fields

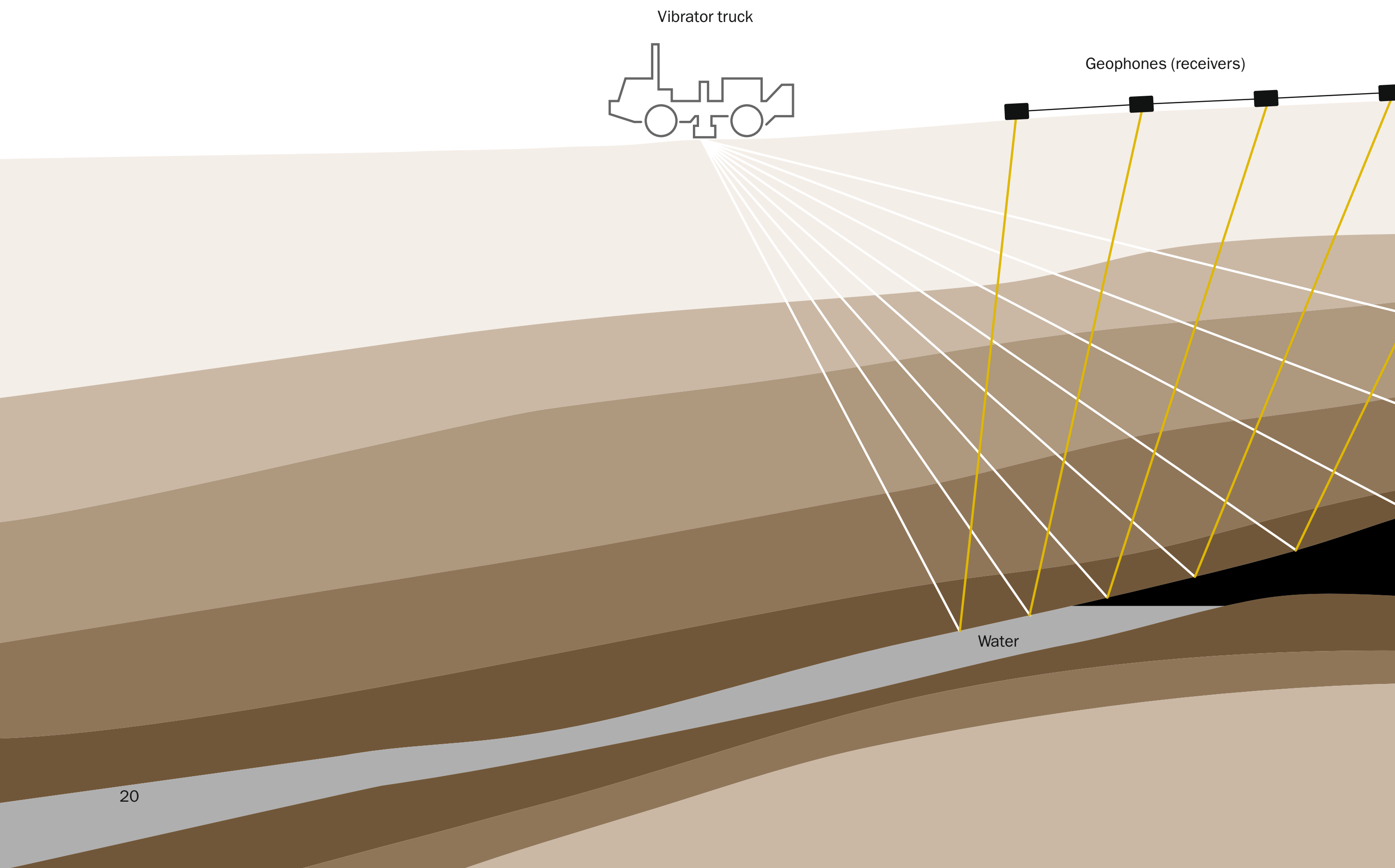
Exploration and appraisal are critical phases that lay the foundation for future production. Exploration drilling are drilling with the purpose of discovering new oil fields, while appraisal includes further drilling and testing to assess the size and commercial viability of these discoveries. Exploration and appraisal are important activities for Tethys Oil to ensure continued good production and profitability.

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

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

Seismic studies

A key exploration activity is the use of geophysical seismic. The principle



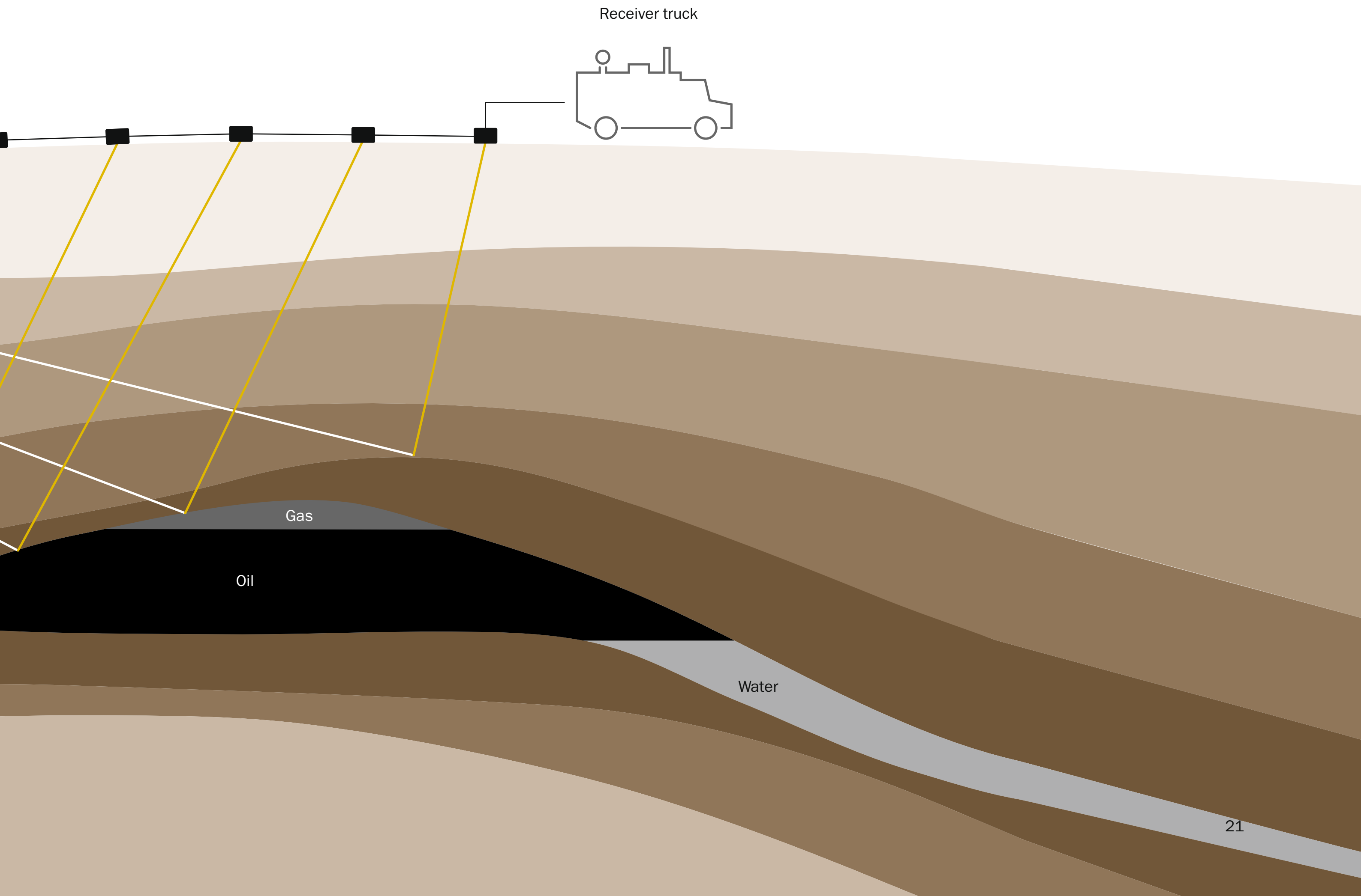
behind seismic is that sound waves travel at different speeds in different materials and that the sound waves, at the transition between different materials, partly bend and reflect back to the surface. As rocks have different compositions, it is possible, based on variations in the speed of the sound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

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

Formations

Geological formations are natural formations and structures in the subsurface which have occurred as a result of usually very slow geological processes of different kinds and ages. A formation is a rock unit that is distinctive enough in appearance that a geoscientist can tell it apart from the surrounding rock layers. The thickness of formations may range from less than a metre to several thousand metres. The term "formation" is often used informally to refer to a specific grouping of rocks, such as those encountered within a certain depth range in a borehole.

On Blocks 3&4, reservoirs in formations like Khufai, Barik, Lower Al Bashir, Buah and Masirah Bay have been explored.



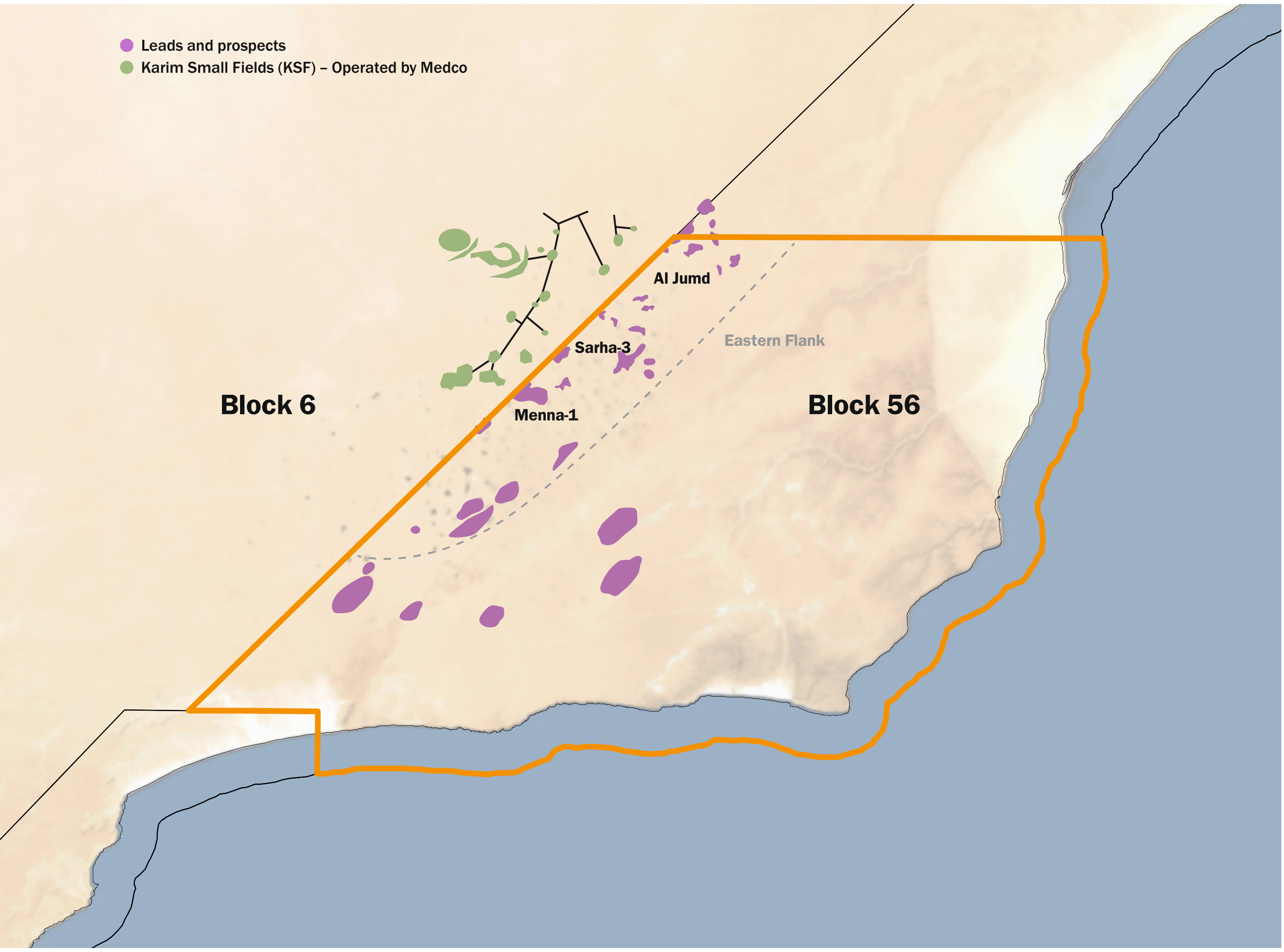
Block 56 – on track for commerciality

Block 56 is a promising exploration and appraisal block, where Tethys Oil has been the operator since 2021. Block 56 covers an area of 5,808 km^2 in the south-eastern part of Oman, approximately 200 km south of Blocks 3&4, adjacent to the south-east of Block 6 where PDO and Medco produces oil from the Karim Small Fields cluster. Block 56 lies at the intersection of numerous geological provinces including the prolific South Oman Salt Basin with its extensive oil and gas infrastructure. It offers appraisal and exploration potential in multiple proven play concepts, many of which are familiar to Tethys Oil from its operations in Oman. In total, there had been eleven wells drilled on the block prior to Tethys Oil assuming operatorship in 2021, ten of which encountered oil or oil shows. Under Tethys Oil's operatorship the focus of the appraisal and exploration activities has been on the Eastern Flank of Block 56 around the area of Al Jumd discovery and the Menna prospect.

Al Jumd is located in the northwestern part of Block 56 and was the primary site for appraisal activities on the Eastern Flank, whereas the Menna prospect is located approximately 20 kilometres south-west of the Al Jumd discovery, with which it shares similar characteristics. Menna is one of several identified prospects and leads that were interpreted utilising Tethys' 2022 3D seismic covering 2,000 km^2 of the Eastern Flank trend, an area stretching alongside the border of Block 6's productive Karim Small Fields.

Development in 2023 and outlook

Throughout 2023, Tethys Oil's operations in Block 56 in Oman were marked by significant exploration and appraisal activities, focusing on the Al Jumd discovery and the Eastern Flank. Commencing in early April, an extended well test ("EWT") at Al Jumd was performed. The aim was to establish recoverable resource volumes and optimal production rates from the Al Jumd-2, Al Jumd-3, and Al Jumd-4 wells. Production rates varied between 150 and



700 barrels per day and the Al Jumd wells provided crucial data for field development planning for the Eastern Flank. The quantities of oil that were produced and exported from the Al Jumd EWT, contributed positively to Tethys Oil's revenues and cash flow. The exploration drilling of Menna-1 was conducted in December 2023 and encountered oil in three formations. Test results are expected to be disclosed in the first half of 2024.

The overall focus for Tethys Oil in Block 56 in 2023 was to appraise the Al Jumd discovery and preparing for further exploration drilling in Block 56 along the Eastern Flank with the drilling of Menna-1. Consequently, the exploration phase for Block 56 was extended until December 2024 by the Ministry of Energy and Minerals to allow Tethys Oil more time for drilling and evaluation. These efforts are part of Tethys Oil's broader strategy to establish commercial viability and expand its production portfolio in Oman. The outlook for Block 56 is promising and Tethys Oil's work is focused on the commercialisation of the Block in 2024.

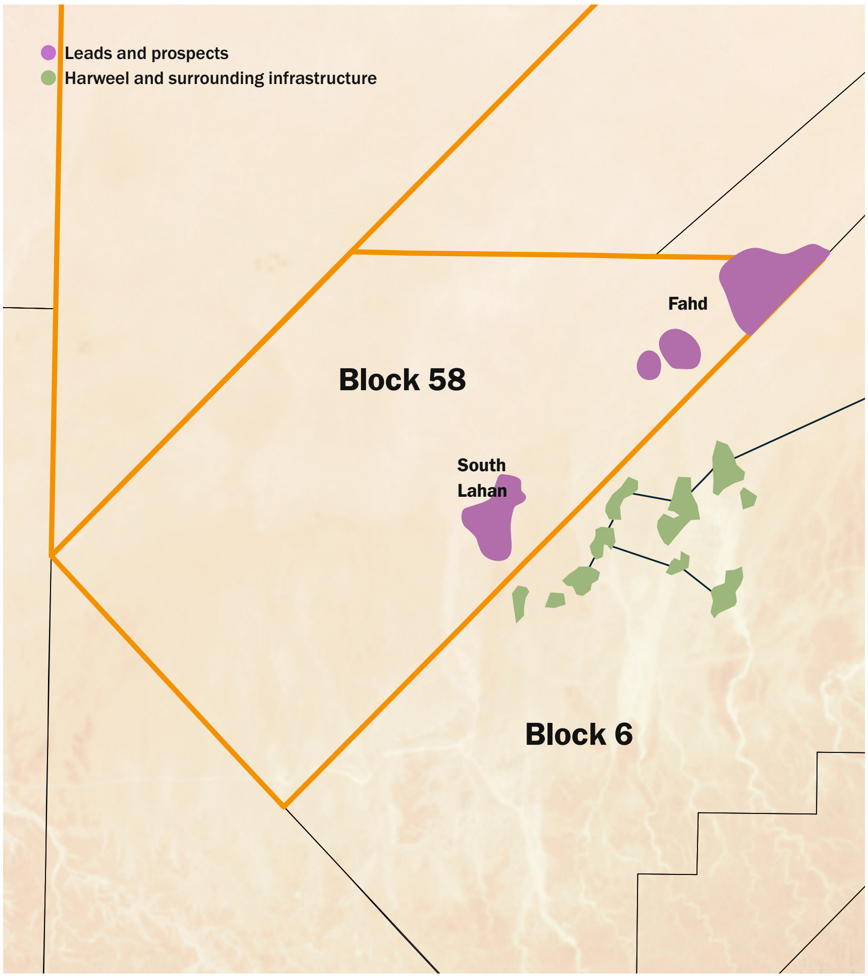
Block 58 – exploration drilling and potential farmout

Awarded in 2020 with a 100 percent interest share, Block 58 is Tethys Oil's latest addition to the portfolio. The block has several high-potential prospects in the South Lahan and Fahd areas. Block 58 is located in the Dhofar Governorate in the southern part of Oman and covers an area of 4,557 km^2. The block is adjacent to Block 6's Harweel cluster with producing fields and infrastructure some four to ten kilometres to the east of the block and straddles the western flank of the South Oman Salt Basin and the Western Deformation Front.

A total of 7,600 km of 2D seismic and 1,100 km^2 of 3D seismic data acquired by previous operators was made available to Tethys Oil as it assumed operatorship. Additional data such as well logs and well reports from two wells drilled on the block was also included in the database. The block showed potential as both previous wells had encountered hydrocarbon shows and multiple play concepts were believed to exist within the block boundaries, including plays proven in Block 3&4 but yet to be tested in Block 58. Based on further analysis of the legacy data, several prospects and leads were identified, and Tethys Oil has focused its exploration activities on two areas of the block, Fahd and South Lahan.

Development in 2023 and outlook

In 2023, Tethys Oil's work in Oman's Block 58 involved interpreting seismic data to identify prospects in the South Lahan area, where the prospects are part of a play that is proven and producing light oil in the nearby Harweel area on neighbouring Block 6. In parallel, the drilling preparation of the Fahd South prospect, Kunooz ("Gift"), targeting +120 mmbo was underway and is planned for Q2 2024. This meant that the initial exploration phase of the block was also extended to July 2024 and to manage risks and resources effectively for the block Tethys Oil is exploring the possibilities to acquire a partner through a so called farm-out of a share in the EPSA. Constructive discussions are currently ongoing with a select group of companies which could result in a farmout.



Block 49 – re-entry and re-testing

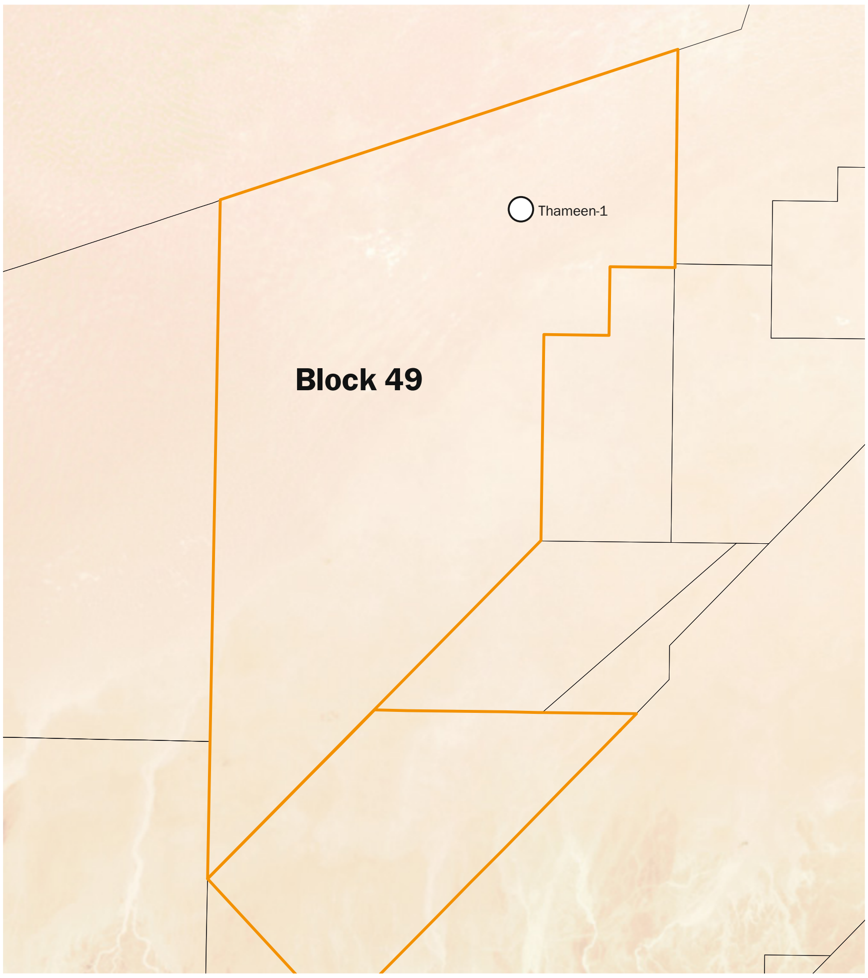
In 2021, Thameen-1 on Block 49 became Tethys Oil's first operated exploration drilling in Oman since 2007. The Block 49 license covers an area of 15,439 km^2. Nine wells have been drilled by previous operators within the block boundaries, several of which are reported to have encountered oil shows. Among the legacy wells, Dauka-1 was the first well ever drilled in Oman in 1955.

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

Development in 2023 and outlook

In 2023, Tethys Oil focused on re-entering and re-testing the Thameen-1 well in Block 49 to determine its potential for oil production. The company planned to use hydraulic fracturing to stimulate the well and assess if the oil-rich zone could flow oil. Throughout the year, Tethys Oil worked on planning and tendering for the necessary services to conduct this re-testing. However, challenges in finding commercially attractive offers have led to ongoing evaluations and delays. The outcome of these activities will shape Tethys Oil's future plans for Block 49.

The initial exploration phase of the EPSA for Block 49 expired on 31 December 2023 and Tethys Oil is in discussions with the Ministry of Energy and Minerals regarding entering next exploration phase.



Sustainability at Tethys Oil

Tethys Oil's approach to sustainability
Tethys Oil recognises the critical interplay between sustainable practices and its role within the global energy landscape. In the spirit of responsible resource management, Tethys Oil's commitment to sustainability spans across environmental, social, and governance dimensions. By fostering a delicate balance between profitability, societal well-being, and environmental stewardship, Tethys Oil aspire to pave the way toward a more sustainable energy future. Tethys Oil's sustainability strategy has evolved with its mission to create lasting shareholder value through responsible oil and gas exploration and production. With a vision for measured growth, Tethys Oil seek to cultivate a balanced portfolio of oil assets, guided by a commitment to prudent risk management. Tethys Oil's corporate culture is characterised by the values of responsibility, fairness, and ethical conduct, fostering a reputation as a forward-thinking and conscientious corporate citizen across all global operations. Tethys Oil's strategy is rooted in its commitment to serve stakeholders, its long-term growth objectives, and the ethical principles that define its culture, all of which are encapsulated in the Company's mission, vision, and values. For more information about Tethys Oils sustainability work, please see the pages 35–79.

Mission

Tethys Oil is an oil and gas exploration and production company with a primary objective of creating shareholder value working across the whole upstream industry lifecycle of exploration, appraisal, development, and production. A central belief in the business model is to explore for and produce oil and gas in an economically, socially and environmentally responsible way. The Group applies the same standards to its activities worldwide to satisfy both its commercial and ethical requirements in accordance with the Company's Code of Conduct. Tethys Oil seeks to be a sustainable and profitable business long-term. Sustainability means running a business that is not only profitable, but is aligned with the requirements and expectations of stakeholders both within and outside the Group.

Vision

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

Values

Tethys Oil's corporate culture emanates from the Group's Scandinavian roots. It is the responsibility of Tethys Oil's management to foster a corporate culture that promotes the values and principles outlined in the Group's Code of Conduct. Tethys Oil aims to act in a responsible, fair, accountable and ethical manner towards all aspects of the environment and to all individuals and entities that the Group encounters in its course of doing business. Tethys Oil aims to apply the same standards to all its activities wherever they are carried out. It is of vital importance to Tethys Oil that the Group maintains and further builds on its reputation as a responsible and forward-looking corporate citizen in all countries where Tethys Oil has a presence and in relation to all stakeholders, may they be shareholders, employees, contractors, partners or someone else.

Tethys Oil's sustainability strategy

Within the three focus areas Environment, Social & Safety and Governance, Tethys Oil has identified material topics with the potential to impact and affect people's lives for the better. The focus areas are followed-up with KPIs, action plans and long-term goals and targets to ensure progress and performance management. The focus areas contribute to a number of the UN Sustainable Development Goals.

Environment

Environment is about conducting operations while creating minimal disturbance to the environment and to the people living nearby. Potential disturbances could for example be in connection to local ecosystems, water, air and human health.

Biodiversity & ecosystems

Goal: No Net Loss of biodiversity and prevention of operations in critical habitats

Emission management

Goal: Integrate climate risk into the Company business decisions and organisational strategy

Social and safety

Social and safety is Tethys Oil's focus area concerning its relationships with internal and external stakeholders. As an oil and gas company, Tethys Oil operates in environments where the risk of accidents is always present and where the operations have a potential impact on local communities. Furthermore, an inclusive and diverse workplace is not only necessary for Tethys Oil's success, but also vital components to support the Company's strategy on all levels.

Affected communities

Goal: Make a positive impact in the communities where the Group operates

Own workforce – health & safety

Goal: Zero harm

Equal treatment and opportunity for all

Goal: Foster a diverse and inclusive workplace

Governance

Governance refers to corporate governance as an integral part of Tethys Oil, guiding the Company in its decision-making, corporate culture and business objectives. Tethys Oil is committed to conduct business honestly, safely, ethically, and with integrity in full compliance with laws, rules, and regulations applicable to the business in the countries in which it operates.

Business conduct

Goal: Strengthen and uphold a high standard of integrity and ethical business conduct

Business resilience

Goal: Resilience to a low-carbon future

The material topics have individual goals, targets and KPI's that Tethys Oil follow-up continuously and communicate the development and progress on an annual basis.

Please refer to section in the Sustainability statement, pages 35–79 for the full disclosure of the material topics' goals, targets and KPI:s.

Contributing through community engagement in Oman

Tethys Oil strives to be a responsible corporate citizen and support the well-being and prosperity of local communities. Meanwhile, the Group recognises the delicate balance between energy exploration activities and its potential impact on local communities. Mr. Hussain Ahmed Al Lawati, Executive Director of External and Corporate Affairs, is at the forefront of Tethys Oil's commitment to fostering shared prosperity and meaningful community engagement in Oman.

“Mr. Al Lawati’s network and local knowledge is of great importance to Tethys Oil and to our stakeholders. We want everyone affected by our operations to feel included in the decision-making and comfortable with how we conduct our business. To maintain our position as a respected and trusted actor in the area, we need to cherish the local communities’ buy-in and participation.”

Magnus Nordin, Managing Director

The success of Tethys Oil as an Oil and Gas exploration company is intricately tied to the well-being of the local communities in which we operate. This is an interrelation that Mr. Al Lawati is well familiar with, having over 40 years of experience in the oil & gas industry and community relations. With a philosophy rooted in the respect for the Omani population and its local communities, Mr. Al Lawati frequently and actively engages with stakeholders to understand concerns and set mutually beneficial goals.

– Our success is intertwined with the prosperity of the communities we operate in. Listening, learning, and considering local perspectives are integral to our business conduct, Mr. Al Lawati comments.

A key pillar of Tethys Oil's community engagement strategy is addressing the potential challenges posed by its operations. The Company places a premium on active dialogue, ensuring that local stakeholders' needs and priorities are integrated into decision-making processes. Tethys Oil strives to uphold traditional livelihoods, refraining from actions that might disrupt local populations' traditions or negatively impact their quality of life.

Since acquiring the rights to Block 49 in 2018, Tethys Oil has been actively involved in community engagement. This includes initiatives like spreading awareness about seismic acquisition, conducting on-site visits for operations – a concept previously implemented in Block 56 before seismic acquisition and drilling Al Jumd wells. Additionally, the company promotes dialogue through events such as the Science and Tech Forum at Maqshin School and contributes to the development of awareness and entrepreneurial skills at Dhofar University. These efforts underline Tethys Oil's commitment to transparency and collaboration, enabling students, teachers, and community leaders to actively participate in discussions about the potential effects of exploration and production activities.

Furthermore, Tethys Oil actively seeks opportunities to support local communities during contract negotiations. Prioritising suppliers, investing in local content, hiring locally, and committing to social investment programs are integral to the company's approach.

– Our engagement goes beyond profit; it's about contributing to the development needs of the community and enhancing education and work-skill development in the host country, Mr. Al Lawati comments.

Tethys Oil's dedication to responsible corporate citizenship extends beyond mere rhetoric. The company's Corporate Social Responsibility (CSR) activities, headed by Mr. Al Lawati, are tailored to create value in Oman continuously. Through meaningful engagement with local communities, Tethys Oil is not only minimising potential impacts but actively contributing to the well-being of the regions it operates in.

Gas-to-Power – decarbonisation and zero flaring progress

Tethys Oil remains committed to minimising the Company's environmental footprint and have undertaken significant strides in reducing emissions. The Gas-to-Power project is Tethys Oil's biggest emission saving project to date, and is an enabler to the ambition to end routine flaring by 2030. During 2023, the project achieved several milestones, and at the end of the year, the first power from the system was generated, taking the Company one step closer to the elimination of flaring.

Gas flaring is the burning of natural gas that is associated with oil extraction and has been a part of the oil production process since its beginning. There are several motives for flaring the gas instead of venting it, for example for safety and regulatory reasons. Furthermore, venting gas instead of flaring it releases methane which has a significant warming effect. At the same time, flaring is also a waste of a potentially valuable resource and a major source of greenhouse gas emissions. This is where the Gas-to-Power project can make a major difference.

Transforming waste gas into valuable energy

Tethys Oil's most substantial commitment to decarbonisation is embodied in the Gas-to-Power project on Blocks 3&4. The total investment for the project stands at USD 45 million, with Tethys Oil contributing USD 15 million.

The technique used captures the gas that otherwise was going to be flared or vented, and instead uses it as a source of energy. By transferring the captured gas to a power generating turbine to create electricity, one can supply electricity to remotely located oil pumps, camps and process plants, thereby replacing the diesel generators that supply much of the energy today. The Gas-to-Power project is planned to be implemented in Tethys Oil's non-operated Blocks 3&4, starting with the Ulfa, Farha and Shahd fields.

During 2023, a considerable part of the construction work and the preparations to implement the system have been made, and the first power tests were carried out late in December. The first phase is expected to be finalised during the first quarter of 2024, and includes setting up main power lines to transfer power from the power plants. After finalising the first phase of the project, the capacity of the power system is expected to be 14,1 megawatt ("MW"), and is expected to increase to over 26 MW later in 2024.

Reduced environmental footprint and cost-saving

The Gas-to-Power project marks a significant milestone towards Tethys Oil's goal of aligning with the World Bank initiative "Zero Routine Flaring by 2030". Furthermore, it will lead to both significant cost savings and reduction of Tethys Oil's overall carbon footprint, both by eliminating unnecessary flaring and reducing the dependency on diesel consumption with expectations to see an incremental reduction of emissions from the beginning of 2024. Apart from the environmental impact, the project is expected to deliver a positive economic effect, driven by the reduction of diesel consumption.

Tethys Oil remains resolute in its commitment to sustainable practices and will continue to explore innovative solutions to reduce the environmental impact, emphasising the importance of responsible energy production.

26 MW

The capacity of the power system is expected to reach 26 MW in 2024.

ESG scorecard report with target and approach

Material issue	Primary KPI	Performance 2023 (2022)	Target	Action plan	Annual performance against target	Aligned with SDG
Environmental						
Emission management	Flaring intensity (scf/bbl.)	715 scf/bbl (727 scf/bbl) 2% decrease in 2023.	Zero operational routine flaring by 2030.	Endorse and support operator emissions and energy reduction initiatives.		
Biodiversity & ecosystems	Hydrocarbon spills (oil spills per million tones of production).	Blocks 3&4 >> 0.0069 Block 56 >> 0.0037 Zero Tier 1 spill	• Zero Tier 1 hydrocarbon releases. • No significant environmental incidents.	Initiate collaborative efforts in biodiversity research and conservation programs in adjacent to licensed areas.		
Social and safety						
Affected communities	# Community engagement projects locally, regionally and nationally.	Blocks 49,56,58 Limited to local projects Blocks 3&4 fulfills goal	Ongoing long term community engagement projects in local, regional and national/international level.	Engaging with local communities to ensure a positive impact through CSR projects and beneficial initiatives for impacting the resilience and vitality of local communities.		
Own workforce-health & safety	Lost time injury frequency rate (LTIR).	Tethys Oil & contractors Tethys Oil LTIR = 0, CCED LTIR = 0.18	Better occupational health and safety records than industry standards.	Continuous improvement in lost-time injuries frequency through rigorous health & safety related training and pre-operational risk assessments.		
Equal treatment and opportunity for all	# reported cases of discrimination.	Employee satisfaction rate 76% based on annual survey • Zero cases of reported discrimination.	• Human Rights and anti-discrimination training: 100% employees trained in policy • Zero cases of reported discrimination.	Fostering a diverse and inclusive workplace though awareness campaigns and policy declarations.		
Governance						
Business resilience	Carbon emissions/revenue (Kg CO_2 metric/USD).	Carbon intensity of revenues 1.70. (1.71 in 2022.)	Resilience to a low-carbon future.	Implement stress-testing techniques and internal carbon tax pricing to ensure projects resilience in different energy transition scenarios.		
Business conduct	Employees who completed the Code of Conduct course (%).	Total number cases reported to whistleblower 0. 100% employee trained in relevant policies.	100% Target employees trained on Code of Conduct and relevant policies and procedures.	With zero-tolerance policy on bribery and other forms of corruption continue to strengthen and uphold high ethical business ethics through ethical business conduct training.		

Key financial data

Group	2023	2022	2021	2020	2019
Operational items					
Production before government take, Oman Blocks 3&4, bbl	3,218,625	3,628,074	4,064,803	4,148,818	4,683,754
Production per day, Oman Blocks 3&4, bbl	8,818	9,940	11,136	11,336	12,832
Oil sales, bbl	1,735,025	1,585,534	1,808,857	2,317,875	2,259,849
Achieved oil price, USD/bbl	82.4	94.2	62.8	47.7	64.2
Income statement and balance sheet					
Revenue and other income, MUSD	138.2	156.5	112.7	101.1	150.8
EBITDA, MUSD	73.5	99.1	61.4	50.3	92.2
EBITDA-margin	53%	63%	54%	50%	61%
Operating result, MUSD	-11.6	54.2	16.1	5.8	37.1
Operating margin	-8%	35%	14%	6%	25%
Net result, MUSD	-16.5	58.3	16.7	3.3	38.3
Net margin	-12%	37%	15%	3%	25%
Cash and cash equivalents, MUSD	25.8	41.5	68.6	55.4	75.6
Shareholders' equity, MUSD	258.2	285.2	256.6	257.7	276.3
Balance sheet total, MUSD	291.1	316.0	284.5	280.3	300.2
Capital structure					
Equity ratio	89%	90%	90%	92%	92%
Leverage ratio	neg.	neg.	neg.	neg.	neg.
Investments in oil and gas properties, MUSD	81.7	89.1	35.2	45.4	65.2
Net cash, MUSD	25.7	41	67.8	55.1	75.1
Profitability					
Return on shareholders' equity	-6.09%	21.53%	6.46%	1.23%	14.10%
Return on capital employed[1]	-4.10%	19.14%	5.92%	2.12%	14.66%
Other					
Average number of full-time employees	31	29	26	22	23
Distribution per share, SEK	5.00	7.00	4.00	5.00	8.00
Cash flow from operations per share, USD	2.47	2.63	1.96	1.59	2.64
Number of shares at period end	33,458,828	33,056,608	33,056,608	33,056,608	36,294,960
Of which repurchased shares at period end	1,189,901	738,351	474,673	315,552	1,954,163
Number of shares at year end (excluding repurchased shares)	32,268,927	32,318,257	32,581,935	32,741,056	34,340,797
Shareholders' equity per share, USD	7.72	8.63	7.76	7.87	7.61
Weighted average number of shares (before dilution),	32,060,671	32,543,670	32,619,054	33,321,353	34,222,434
Weighted average number of shares (after dilution),	32,099,193	32,664,523	32,660,948	33,328,099	34,302,768
Earnings per share before dilution, USD	-0.51	1.79	0.51	0.1	1.12
Earnings per share after dilution, USD	-0.51	1.78	0.51	0.1	1.12

MUSD	2023	2022	2021	2020	2019
Operating result	-11.6	54.2	16.1	5.8	37.1
Add: Depreciation. depletion and amortisation	42.0	40.5	41.2	44.5	47.6
Add: Impairment	36.9	–	–	–	–
Add: Exploration costs	6.4	4.5	4.1	–	8.2
Less: Share of net result from associate	-0.2	-0.1	–	–	-0.7
EBITDA	**73.5**	**99.1**	**61.4**	**50.3**	**92.2**
Cash and cash equivalents	25.8	41.5	68.6	55.4	75.6
Less: Interest bearing debt	-0.1	-0.5	-0.8	-0.3	-0.5
Net cash	**25.7**	**41.0**	**67.8**	**55.1**	**75.1**

Alternative performance measures: glossary and definitions

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

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

EBITDA	Earnings before interest, taxes, depreciation, and amortisation.
EBITDA-margin	EBITDA as a percentage of revenue and other income.
Equity ratio	Shareholders' equity as a percentage of total assets.
Return on shareholder's equity, rolling 12 months	Return on shareholder's equity is calculated by dividing the net result for the past 12 months by the average of the ingoing and outgoing shareholder's equity for the same period.
Return on capital employed, rolling 12 months	Return on capital employed is calculated dividing the operating result for the past 12 months by the average capital employed (equity plus non-current liabilities) for the same period.
Net entitlement	Volumes and share of oil production from Joint operation, which the company is entitled to sell expressed in barrels. Calculated monthly based on EPSA. Consist of 2 components: Cost oil and Profit Oil.
Net entitlement share	The oil production from Joint operation, which the company is entitled to sell expressed as a percentage of the company's total share of the oil produced. Calculated as Cost oil plus Profit Oil divided by Production.
Cost Oil	The Cost Oil is the value of recoverable costs incurred in the period and any outstanding balance of unrecovered historical cost from previous periods ("the Cost Pool") The total amount of Cost Oil for a given period is capped to a fixed share of total production, after conversion to barrels using the Official Selling Price ("OSP").
Profit Oil	Profit Oil remains after the deduction of Cost Oil. The majority of the Profit Oil is the government's take according to a fixed percentage.
Cost pool	Any outstanding balance of unrecovered historical cost from previous periods.
Production before government take	Net share of total production.
Underlift/Overlift	Calculation of net from Net Entitlement barrels and lifted barrels. Lifting more barrels than entitlement barrels results in an overlift and the opposite is an underlift.
Netback	Gross profit per barrel of oil. Average OSP reduced by royalties/government take and operating and transport expenses per barrel.
Achieved Oil Price	Achieved Oil Price is calculated as 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.
Return on capital employed:	Net result plus net financial reesult as a persentage of average capital employed (total assets less non interestes-bering liabilities).

The Tethys Oil share

Shares outstanding
Tethys Oil's shares are traded on Nasdaq Stockholm and the Company's registered share capital at 31 December 2023 amounts to SEK 6,022,589 represented by 33,458,828 shares with a quota value of SEK 0.18. All shares in Tethys Oil represent one vote each. All outstanding shares are common shares and carry equal rights to participation in Tethys Oil's assets and earnings. As per 31 December 2023, the Board of Directors had remaining outstanding authorisation from the Tethys Oil's Annual General Meeting ("AGM") on 10 May 2023 to resolve on the issue of up to 10 percent of new shares up until the next AGM. In addition the AGM 2023 resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the Company's share capital. As of 31 December 2023, Tethys Oil held 1,189,901 of treasury shares, corresponding to 3.6% of shares in issue (2.2% in 2022). During 2023, 451,550 shares have been repurchased at the average price of SEK 54.95 per share, compared to 263,678 shares repurchased in 2022 at the average price of SEK 60.12 per share.

Numbers of shares	Full year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full year 2022
Shares in issue, end of the period	33, 458,828	33,458,828	33,056,608	33,056,608	33,056,608	33,056,608
Shares issued, during the period	402,220	402,220	–	–	–	–
Shares repurchased, during the period	451,550	–	25,000	58,795	367,755	263,678
Treasury shares, end of the period	1,189,901	1,189,901	1,189,901	1,164,901	1,106,106	738,351
Shares outstanding, end of the period	33,268,927	32,268,927	31,866,707	31,950,502	31,950,502	32,318,257
Weighted average outstanding before dilution, during the period	32,060,671	32,243,389	31,867,861	32,191,324	32,191,324	32,543,670
Weighted average outstanding after dilution, during the period	32,099,193	32,247,353	31,924,740	32,261,122	32,261,122	32,664,523

Shareholders per January 2024, or latest know update	Number of shares	Proportion capital/votes
Lansdowne Partners	3,633,699	10.9%
Franklin Templeton	1,746,717	5.3%
Magnus Nordin	1,555,427	4.6%
Avanza Pension	1,523,617	4.6%
Nordnet Pensionsförsäkring	1,297,815	3.9%
Tethys Oil AB	1,189,901	3.6%
Dimensional Fund Advisors	982,100	2.9%
Bengt Karlsson	695,000	2.1%
Janne Pakarinen	670,362	2.0%
Jan Risberg	615,000	1.8%
Anette Af Ekenstam	464,498	1.4%
Grandeur Peak Global Advisors, LLC	434,441	1.3%
Ensign Peak Advisors Inc.	383,927	1.2%
Unisuper	319,275	1.0%
Monega	300,000	0.9%
Other shareholders, appr. 8,800	17,647,049	53.5%
Total number of shares	**33,458,828**	**100%**

Source: Monitor by Modular Finance as per January 2024. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory. The verification date may vary for certain shareholders.

Tethys Oil has an incentive program as part of the remuneration package to employees. Warrants have been issued annually since 2015, following a decision by the respective AGM. Since 2021 warrants are only issued to the Executive Management. In the fourth quarter 2023 338,000 new warrants were issued. In October 2023 the exercise period for the 2020 incentive programme expired with 338,000 warrants being exercised, resulting in the addition of 402,200 new shares. In 2022, Tethys Oil introduced *the Tethys Oil Long-Term Incentive Programme 2022–2024* ("LTIP 2022") dedicated to all employees, except for Executive Management.

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

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

Shareholder distribution proposal
For the financial year 2023, Tethys Oil's Board of Directors will propose to the AGM 2024 that no dividend is to be paid. The Board of Directors will revisit the matter of shareholder distributions upon the completion of the strategic review of its portfolio, announced 5 February 2024. Tethys Oil's dividend policy remains unchanged.

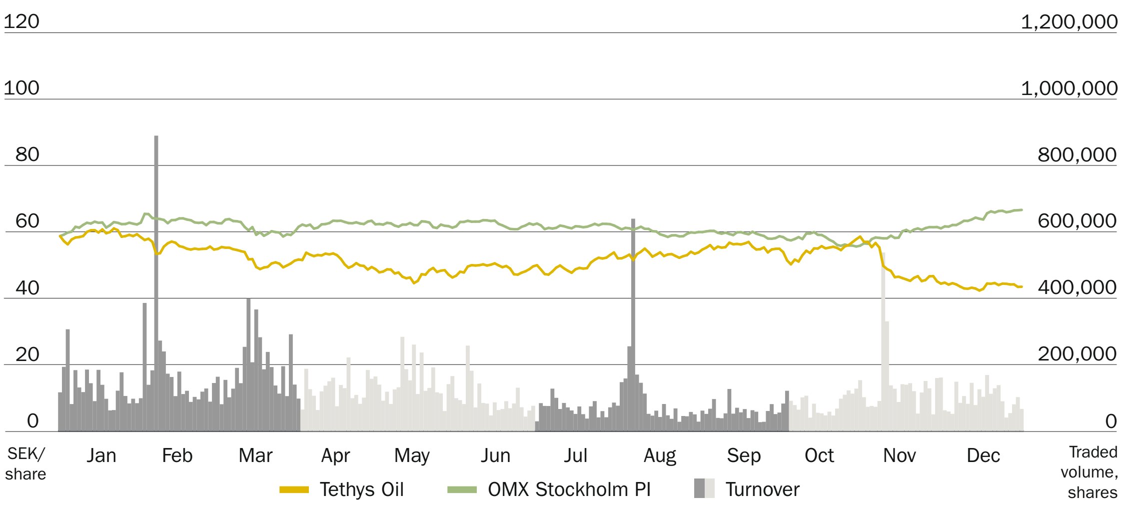
Distribution of shareholdings
Distribution of shareholdings per 31 January 2024.

Owner distribution by holdings	Number of shares	Capital and votes	Number of owners	Part of owners
1 – 500	737,013	2.20%	6,411	73.05%
501 – 1,000	789,874	2.36%	971	11.06%
1,001 – 5,000	2,384,706	7.13%	1,024	11.67%
5,001 – 10,000	1,178,475	3.52%	164	1.87%
10,001 – 20,000	1,506,089	4.50%	102	1.16%
20,001 – 50,000	1,682,117	5.03%	57	0.65%
50,001 – 100,000	1,358,040	4.08%	18	0.21%
100,001 – 200,000	1,107,905	3.33%	8	0.09%
200,001 –	22,714,609	67.84%	21	0.24%
Shareholders with unknown amounts	3,492,611	11.21%		

Source: Monitor by Modular Finance

Share statistics 2023
The final transaction price in 2023 was SEK 43.46 corresponding to a total market capitalisation of MSEK 1,454. During the year the price of Tethys Oil's share decreased by 35.1 percent. Based on data from NASDAQ Stockholm, the highest transaction price in 2023 was SEK 64.80 on 23 January and the lowest was SEK 42.31 on 12 December. The turnover velocity (annual turnover/outstanding shares) was 89 percent on Nasdaq Stockholm. Tethys Oil's share capital development is found on tethysoil.com.

Share price development and turnover 2023



Sustainability statements

About this report

Pages 35–79 in Tethys Oil's annual report constitute the Company's Sustainability Statements 2023 and complies with the Non-Financial reporting requirements implemented in Swedish law, The Annual Accounts Act 1995:1554 (Årsredovisningslagen), implemented through the EU directive 2014/95/EU. This Sustainability Report is produced in accordance with the Annual Accounts Act (ÅRL Chapter 6, 10-14) and encompasses Tethys Oil AB (publ) and its subsidiaries. The Board of Directors is responsible for the preparation of the report.

In this report, Tethys Oil presents and describes its operations' Environmental, Social and Governance (ESG) performance along with sustainability impacts, risks and opportunities, and aims to explain the organisation's approach to managing the material topics and their impacts. Based on the materiality analysis, the Sustainability Statements summarises activities and reflects the issues most relevant to the business. The report outlines why sustainability is pertinent to Tethys Oil, Tethys Oil's priorities and responsibilities, how progress is measured as well as the processes of managing each material topic.

The scope of Tethys Oil's Sustainability Statements 2023
Tethys Oil's Sustainability Statements 2023 covers the operations as consolidated in the 2023 Annual Report. In Blocks 3&4 where Tethys Oil is not assigned the role of operator, the Group is an equity interest partner. The Sustainability Statements reflect impacts in both operated and non-operated EPSA:s. However, the reporting of the measures taken to reduce sustainability impacts is focused on the blocks where Tethys Oil is the operator, hence having the control over the decision making of the day-to-day operations.

Due to its limited exposure, the report does not include Tethys Oil's associated interest in the Lithuanian company Minijos Nafta.

All ESG related issues are consistent through all activities, however the materiality of the impacts varies depending on the nature of the activity, and if the activity takes place in a production or exploration phase.

The report covers water usage on a Group level for operated blocks, non-operated blocks and offices. However, due to the small volumes needed during exploration phases, water usage is not considered a material topic.

Reporting frameworks and principles
The report's emission data accounts for Greenhouse Gas (GHG) emissions according to GHG Protocol Corporate Accounting and Reporting Standard. The approaches are the equity share method and the operational control method in the performance data, while the reporting on general material issues is based on operational control approach if not stated otherwise. Tethys Oil accounts for 100 percent of the GHG emissions on the blocks where it has operational control. Blocks in which the Company has a non-operator equity share will be accounted as Scope III (Category 15: Investments) emissions. The GHG Protocol standards have been adopted for the report, as well as GHG reporting frameworks and disclosure schemes.

Tethys Oil adopts the Task force on Climate-related Financial Disclosures (TCFD) guidance to analyse and understand the Group's key climate-related risks and the reporting is aligned with the recommendations. Tethys Oil's TCFD index is provided on page 76. Where relevant, the report also highlights the Company's priorities regarding the UN Sustainable Development Goals (SDG). Nine SDGs have been identified to illustrate where the Company has material contributions.

Tethys Oil's Sustainability Statements 2023 have been prepared with reference to the GRI Sustainability Reporting Standards (GRI Standards). The information provided in the GRI index on page 77 is reported for the period from January 1, 2023, to December 31, 2023. Applicable GRI Sector Standard – GRI 11: Oil and Gas 2021.

Reporting boundaries
Joint Operating Agreements (JOA) are particularly common in the oil and gas industry. Within each JOA, one company is assigned the operator status, and each partner has a percentage of owned equity. This distinction is important as the operatorship role manages the operations and has the day-to-day control of the asset, while non-operator partners have a see-to duty. Data for non-operated blocks will be presented in both equity interest and operational control basis. For all the Group's material topics and metrics, the metrics are oriented on an operated basis.

Stakeholder engagement

During 2023,Tethys Oil conducted a thorough sustainability stakeholder analysis utilising questionnaires, email exchanges, and interviews. The gathered responses form the foundation of the stakeholder analysis, and contributed to the Group's new stakeholder policy that was introduced.

Tethys Oil categorises its stakeholders in three groups: internal stakeholders, external stakeholders and connected stakeholders. Stakeholders from a diverse set of categories responded to the questionnaire, offering qualitative remarks and listing priorities. Additionally, the Sustainability team engaged in more in-depth discussions with certain stakeholders through email and interviews.

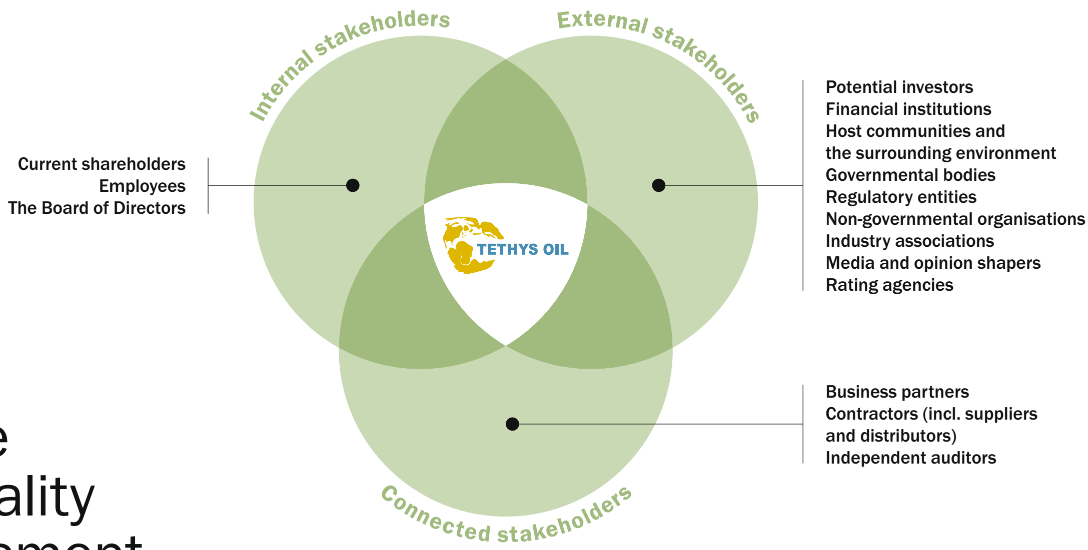
The questionnaire, designed by the Sustainability team, focused on Tethys Oil's sustainability work, emphasising priorities in environmental, social, and governance matters. Interviews, conducted through various means, supplemented the data collection process.

Key findings from the stakeholder analysis are detailed in the tables within the section on Tethys Oil's double materiality assessment.

Despite a diverse range of priorities among participants, there were clear top-prioritised topics in each section: Emission for Environment, "Own work force (Health and safety)" for Social, and "Business Conduct" (Ethics & Transparency) for Governance. These align with Tethys Oil's internal prioritisations on sustainability matters.

While stakeholder priorities largely align with Tethys Oil's own evaluations, qualitative feedback has provided valuable insights for the Sustainability Team and the IR workgroup to enhance the presentation of the Company's sustainability efforts in reports and presentations.

Stakeholder map



Double materiality assessment

Double materiality assessment
To identify the sustainability elements that are most relevant to Tethys Oil's business and stakeholders, a materiality assessment was conducted in 2021. The materiality assessment is validated bi-annually through analyses and stakeholder dialogues.

In 2023, Tethys Oil performed a double materiality assessment to gain insights into Tethys Oil's impact on the external environment and its ESG risks and opportunities and to prepare for the upcoming Corporate Sustainability Reporting Directive regulation in the European Union.

The following phases were performed:

Phase 1: Selection of relevant stakeholder groups and 15 material topics for consideration.

Phase 2: Interviews with internal, connected and external stakeholders. Stakeholders were asked their views on impacts, risks and opportunities for Tethys Oil regarding the topics in their assigned categories.

Phase 3: Survey with selected members of Tethys Oil management to estimate the financial impacts of each topics associated with its risk exposure. After consolidating the results from the survey, the following double materiality map was obtained.

The results of this assessment will support the Groups preparations for the new European Corporate Sustainability Reporting Directive (CSRD) and will help to inform the corporate ESG strategy going forward.

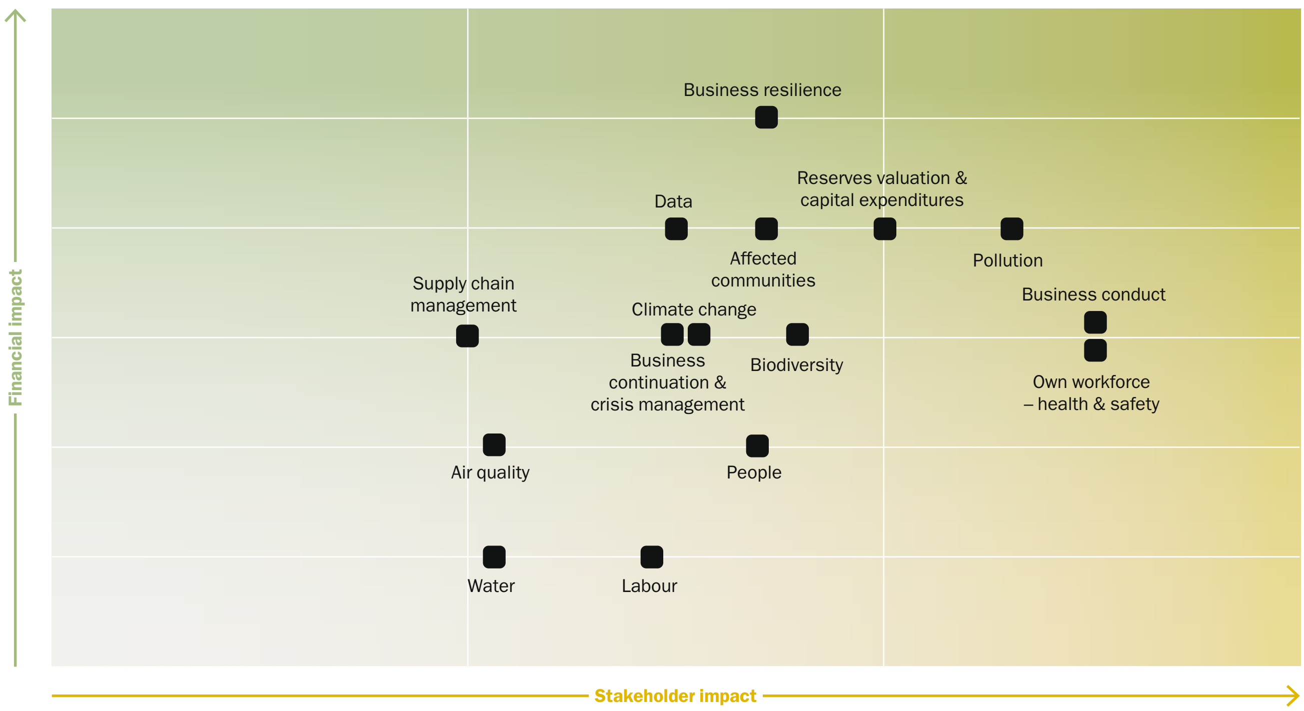
The current and potential, direct and indirect impact of the Group's own operations is evaluated as well as the effect of outside factors. The understanding of Tethys Oil's impact on its surroundings is based on a dialogue with key stakeholders as well as current research into the social, environmental, and economic challenges within the oil and gas industry. Based on the Group's knowledge of its operations, and where in the value chain impact occurs, Tethys Oil sets priorities in both the short and long term. Tethys Oil's material topics are identified by assessing issues that have the most significance to the Group's social, environmental and economic impact. The material topics are reviewed and prioritised by internal experts and the Group Management. For each topic, activities during the year that have been implemented to avoid and mitigate actual and/or potential impacts are further explained.

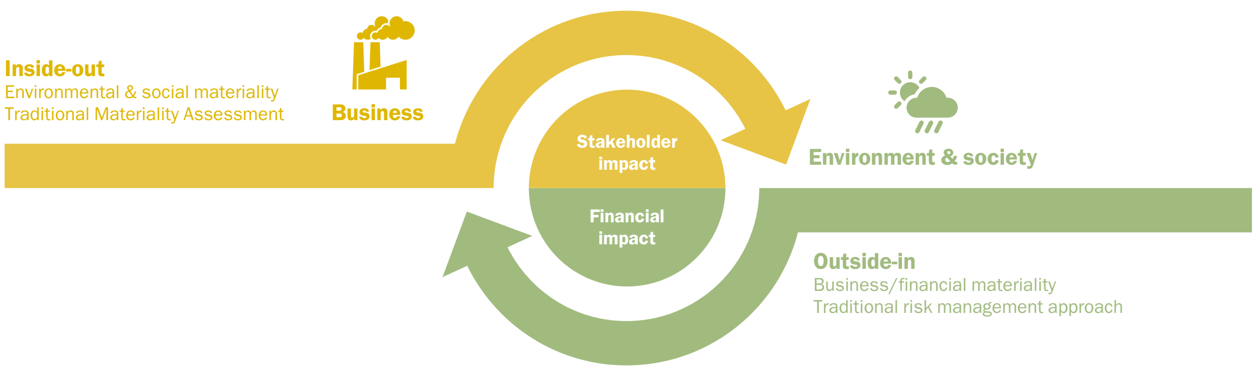
Tethys Oil's material topics are divided into three ESG categories, closely linked to the Company's sustainability strategy:

- **Environment:** Biodiversity & ecosystems, Emission management
- **Social and safety:** Affected communities, Health & safety, Equal treatment and opportunity for all
- **Governance:** Business conduct, Business resilience

Read more about Tethys Oil's material topics and associated goals, targets and KPIs on pages 41–67.

Double materiality





Key sustainability risks

Tethys Oil focuses on the future to prepare for the changing business landscape and mitigate potential risks. Understanding and managing the non-financial risks and opportunities associated with the business is an integral part of managing the business. Several group functions are involved in identifying and managing non-financial risks in their area of responsibility. Risks are considered at the corporate, asset and project levels, ensuring that risks are identified and assessed from the bottom-up. These risks are regularly conveyed to Group Management and fed into the materiality process. During 2023, Tethys Oil undertook a comprehensive review of the risks linked to its operations, including an evaluation of non-financial risks and opportunities.

Materiality	Risk	Risk type	Risk description	Detection, preventive and mitigating measures (control, documents, action plan, etc.)
Environmental risks				
Emission	Carbon pricing	Environmental	Carbon pricing of 120–140 USD per tonne of CO_2eq within TCFD exercise.	To develop an internal carbon pricing model. Including financial alternative costs scenarios.
Biodiversity and ecosystems	Oil spills and negative biodiversity impacts – material	Operational	Material oil spills leading to environmental and/or reputational damage as well as potential legal, operational and financial ramifications.	Continuous QA of oil producing infrastructure including leak reduction programmes and production assurance programmes.
Social and safety risks				
Affected communities	Local community tensions and grievances	Socio-political	The risk of a negative impact from Tethys Oil's operations on local communities, their quality of life and damages to heritages sites and other important areas.	Tethys Oil engages in an active relationship with local stakeholders in order to understand the concerns surrounding the Group's operations and to set mutually beneficial goals. This is to ensure that local stakeholders needs and priorities are considered and avoid that the Group's operations disrupt the livelihood of the local population and has a detrimental effect on their quality of life.
Equal treatment for all	Risk for child labour, forced labour or human rights violation by subcontractors	Regulatory	The risk that Tethys Oil's sub-contractors violate the fair treatment and human rights of its employees affecting amongst other Tethys Oil's reputation and license to operate.	Tethys Oil implemented several policies such as a Supplier Code of Conduct and Diversity and Non-discrimination Policy, Human rights policy and is firmly committed to The UN Global Compact.
Own workforce – health & safety	HSE	Operational	Risk to the health and security of people and impact on the environment due to accidents.	Policies and procedures in place, including recurring training and certifications. Each operational activity has its own risk assessment which allows for a proactive work to minimise risk realisation and impact.
Governance risks				
Business resilience	Oil price vulnerability	Market	Dependence on oil price levels for revenues and income.	Diligent monitoring of market development. Adapt expenditure strategies and building business resilience.
Business conduct	Ethical misconduct in operations or supply chain, impacting license to operate	Regulatory	The risk that Tethys Oil's sub-contractors violate good business conduct and ethics, affecting amongst other Tethys Oil's reputation and license to operate.	Tethys Oil has adopted a "zero tolerance" Anti-Corruption Policy in accordance with Transparency International's Business Principles for Countering Bribery and clear procedure for employees to report suspected cases of corruption.

Safe and sustainable operations

In all Tethys Oil's operations and activities there are environmental, social and governance issues. Impacts related to those issues, whether presented as an opportunity or as a risk, will vary substantially depending on the stage of the business cycle. The likelihood of impact is considered small during exploration and appraisal, as the activity levels are low. Nevertheless, all potential impacts are prioritised and managed by the Group. Impacts on economy, environment, and people are reported on a quarterly basis to the highest governance body of the organisation's management. With each new exploration, seismic or development project, Tethys Oil conducts a feasibility scoping report together with an environmental services agency. If the report's conclusion is positive and other parameters fulfilled, a comprehensive Environmental Impact Assessment (EIA) is conducted. The purpose of an EIA is to ensure the protection and conservation of the environment and natural resources including human and health aspects, against uncontrolled development. It enables the Company to define existing biodiversity, environmental and other conditions near the activity sites, using various analytical techniques ranging from sampling to photography.

Based on EIA recommendations, the Group strives towards a more proactive sustainable practice by continuously improving operational efficiency and environmental performance of its operations. To date, all mitigation and management measures recommended by the EIA have been adopted by Tethys Oil. Tethys Oil's view is that sustainable practices are the best way to ensure its business resilience long-term.

Preliminary environmental studies are conducted before the start of any project. As a result, all recommended prevention measures are implemented beforehand to limit the impact and risks related to Tethys Oil's business activities throughout the project life cycle.

Crisis management

The Crisis Management Plan (CMP) is a part of the Group's commitment to achieve continuous improvement toward no harm to people, no accidents, and no spills. This Plan applies to all companies in the Tethys Oil Group and any ventures that are controlled or operated by Tethys Oil. This Plan should be followed by all employees, consultants and contractors employed or retained by the Group. The Crisis Management Team (CMT) is responsible for the assembling and coordination of information, to coordinate non-emergency related contacts with external stakeholders and to provide accurate and timely information reviewed from a legal point of view to all concerned stakeholders and media. Exercises will be held on a regular basis, both ahead of major new operations and during operation.

Emergency preparedness

Prior to commencing operations, the HSE department meticulously formulates an Emergency Response Plan aligned with Environmental Authority regulations, Tethys HSE Policy, and the Incident Flow Chart. Operational activities undergo thorough assessment with subcontractors, focusing on Waste Handling, housekeeping, Oman Energy Association (OPAL) Road Safety, and biodiversity impacts.

Tethys Oil – Emergency Response Programme (ERP)

The Group has developed a comprehensive and systematic approach to address potential emergencies and ensure the safety of personnel, protection of the environment, and preservation of assets. The goal is to effectively respond to emergencies, minimize their impact, and facilitate a swift recovery. Below is an outline of key components:

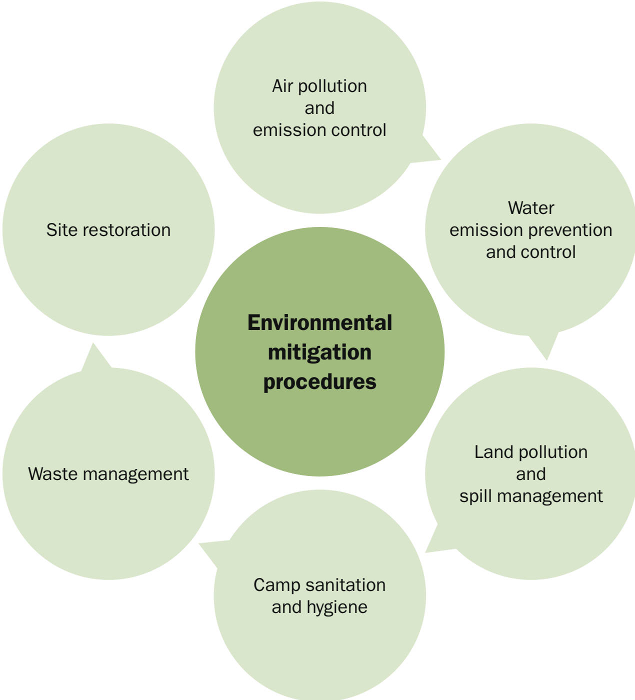
1. Risk Assessment and Hazard Identification
2. Emergency Planning
3. Training and Drills
4. Emergency Communication
5. Coordination with Authorities
6. Environmental Protection Mitigation Strategy
7. Documentation and Reporting
8. Continuous Improvement
9. Community Engagement

Exploration & appraisal
Tethys Oil's environmental impacts stem to a large extent from exploration and appraisal activities. The EIA has pinpointed instances where Tethys Oil's operations can affect air quality and GHG emissions. During the year, Tethys Oil began screening the group's suppliers based on environmental criteria

Site preparation and construction: including building the well site, grading the logistics base, constructing and upgrading access roads, land preparation and earthworks activities, transportation of staff, materials and waste, energy use and power supply.

Drilling operations: transportation of staff, equipment, and construction machinery. Other activities include rig relocation, drilling and casing, energy consumption and power provision.

Testing/well abandonment activities: including flaring and well-testing.



These activities take place over a short period of time, approximately 3–4 months, and air quality will return to existing condition after the site preparation and construction activities are finalised. Overall, due to the relatively small amount, short duration and the large, distributed area over which air pollutants are released, they are unlikely to cause a significant impact to air quality and GHG levels.

Tethys Oil's principles for responsible exploration	Adopt responsible governance and management
	Apply ethical business practices
	Respect human rights
	Commit to project due diligence and risk assessment
	Engage host communities and other affected and interested parties
	Contribute to community development and social well-being
	Protect the environment
	Safeguard the health and safety of staff and the local population

Potential project emissions could arise from the following sources:

- Diesel fuel consumption by the generators at the drilling and camp sites for power generation and by mobile sources (e.g. construction equipment, trucks delivering equipment/materials to the site, trucks collecting waste/sewage wastewater from the site).
- Down-hole gas from the drilled formations coming to the surface with returning drilling mud
- Fugitive emissions from mud materials breakdown and evaporation, which may lead to odours.
- Other fugitive emissions from cooling systems, handling and storage of chemicals (e.g. paints, solvents), fuel loading and storage systems (tanks, pipes)
- Flaring – (if unavoidable) project controls are implemented to avoid, reduce and restore potential negative impacts and to ensure that positive impact materials are maximised and inherent to the impact assessment

Tethys Oil CSR-project:
The Arabian Oryx reintroduction project in the Governorate of Al Wusta
The Arabian Oryx Reserve is the first natural reserve in Oman, surrounded by diverse wildlife. The reserve's area is about 2,824 square kilometres, making it one of the largest natural reserves in terms of area. The number of Arabian oryx in the reserve is approximately 900. The reserve also includes 1,140 sand gazelle and 140 Arabian gazelle, as well as Nubian ibex, sand fox, striped hyena, wild rabbit, and honey badger, in addition to ostriches and llama. The Arabian Oryx Reserve drives economic development by supporting ecotourism, promoting the culture of conservation and preservation of natural habitats, education and field research to enrich knowledge.

Environment

Pollution management	Biodiversity & ecosystems
Goal: Integrate climate risk into the Company business decisions and organisational strategy	**Goal:** No net loss of biodiversity and prevention of operations in critical habitats

13 CLIMATE ACTION

15 LIFE ON LAND

Emissions management

Goal	Target	Target for non-operated blocks	Performance KPI
Integrate climate risk into the Company business decisions and organisational strategy	Zero routine flaring 2030	Endorse and support operator emissions and energy reduction initiatives	Flaring intensity: 715 scf/bbl*
	Status	**Status**	**Outcome**
	16% decrese in flaring (2023)	MUSD 15 invested in Gas-to-Power	715 scf/bbl (727 scf/bbl 2022)

*Standard cubic foot/barrel

Why is this important?
As a major contributor to global emissions, the oil and gas industry must strengthen collaboration and act immediately to ensure that future energy has less emissions. The industry's activities and the use of oil and gas products are responsible for a large portion of two major GHGs: carbon dioxide (CO_2) and methane (CH_4). Methane is a powerful and short-lived climate pollutant which drives climate change as it is tens of times more powerful than carbon dioxide at warming the atmosphere. As methane has a short atmospheric lifetime, actions to minimize these emissions can quickly reduce atmospheric concentrations.

To be able to meet future global energy demands, various energy sources combined with energy efficiency are a prerequisite. The resilience in the industry will be determined by energy efficiency and emission reduction.

Tethys Oil's approach
Climate change is of increasing importance to the Group and all its stakeholders. Tethys Oil has an ambition to explore for and produce oil and gas with minimal environmental impact. The current and potential, direct and indirect impact of the Group's own operations is evaluated, as well as the effect of outside factors and if these impacts are long or short term. This ambition is intermeshed with the Company's operations on exploration licenses Blocks 49, 56 and 58. With respect to its non-operated licence for Blocks 3&4, Tethys Oil has supported the operators' efforts in improving its environmental focus in operations and proactive work to reduce the potential indirect environmental impact, not least the risks for spills and damage.

In 2023, most of the Group's actual, indirect, material atmospheric emissions were generated by its interest in the production activities on Blocks 3&4. The blocks primary sources of emissions arise from the flaring of associated gas produced in conjunction with the recovery of oil and the use of diesel-run power generators used to power production facilities, camps, downhole pumps, and drilling rigs.

To reduce emissions, Tethys Oil proactively engages with the operator of its production assets in Blocks 3&4. Although the Group is not the operator of Blocks 3&4, monitoring of emissions is performed with quarterly reporting from the operator CCED and followed up by management regularly. The data is recorded by GEO Resources consultancy which is a third party Environmental Monitoring & Auditing Agency for Environmental Performance. Site visits are conducted monthly, including participation of an environmental specialist. All non-compliant or environmental issues are reported and followed up.

Tethys Oil shall, in accordance with its Code of Conduct, actively apply its health, safety and environmental (HSE) standards in all business operations including Joint Operating Agreements. The policy commitments stipulate respecting of human rights, as well as conducting due diligence. In practice, this means to conduct active dialogue, maintain transparency, and influence business partners to strive for the same goals. By doing so, Tethys Oil aims to guide its partners to have active dialogues with their affected stakeholders in a specific geographic area. This enables the identification of the ones negatively affected, or potentially effected, by their operations and also ensures respect for human rights.

Activities and results 2023
To enhance the transparency on carbon accounting, Tethys Oil discloses GHG emissions calculated with equity interest method, as well as with the operational control methods. In 2023, total GHG emissions (according to operational control method) declined by 3.9 percent year on year due to less flaring and stationary combustion.

Scope 1 + Scope 2 emissions decreased by 75 percent year on year in 2023, driven by less field activities than previous year. Calculating the GHG emissions using the equity interest method, the three largest contributors to the Group's total emission (Scope 1+2+3) are "Flaring", "Stationary and Mobile combustion", and "Use of sold products", which account for 36.5 percent, 8.5 percent and 41.8 percent respectively. While emissions from the "Use of sold products" are more challenging to avoid, with the realisation of the Gas-to-Power Project on Blocks 3&4, Tethys Oil will be able to address almost 50 percent of its total GHG emissions, substantially improving its carbon footprint profile.

During the year, the Gas-to-Power project has been a central part of Tethys Oil's plan to reduce and mitigate GHG emissions, and the ambition with the project is to replace the energy producing diesel generators used in the remote areas of Blocks 3&4. The project enables the re-usage of energy from the gas generated when producing oil that was otherwise going to be vented or flared. Read more about the Gas-to-Power project on page 29.

Tethys Oil's carbon accounting
A majority of Tethys Oil's Scope 1 and 2 emissions originate in the blocks in which the Company holds interest; Blocks 49, 56 and 58. Emissions from Blocks 3&4, operated by CCED, are accounted for as Scope 3.

This report's data primarily focuses on emission sources of Scope 1 and 2 as these are the emissions that are under Tethys Oil's operational control. At the same time, to provide more transparency on carbon accounting, Tethys Oil decided to additionally disclose GHG emissions also calculated with the equity interest method.

Scope 1: Direct GHG emissions occur from sources that are owned and controlled by the Company.

Scope 2: Indirect GHG emissions from the generation of purchased electricity, steam, heating and cooling consumed by the Company.

Scope 3: All other indirect emissions not covered in Scope 1 and 2. Including extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

Tethys Oil's share of Global Warming Potential (GWP) emissions, based on the operational control method

Scope, GWP (t CO_2e)	2023	2022	2021	2020	2019
Scope 1	440	1,977	1,813	32	13
Scope 2	70	67	49	40	50
Scope 3	508,458	527,362	537,008	465,148	545,957
Total Emissions	**508,967**	**529,405**	**538,870**	**465,220**	**546,020**

Most of Tethys Oil's emissions originate from the 30 percent interest share in Blocks 3&4, which are reported as indirect Scope 3 emissions, classified according to the operational control method. To further explain the emission distribution, the table shows about half of the emissions generated by end users fuel combustion. Other major contributors are emissions from power generation from stationary electricity production in the facilities and waste generated in upstream activities.

Air pollutants
During the monthly sampling period, sampling of selected relevant ambient gases of (SO_2, NO_2, CO, O_3, H_2S & NMHC) is conducted at single location within each production facility using portable Ambient Air Monitoring Station Type AQM-65 and Series 500 sensors.

Measured ambient gases at production plant area are compared against relevant Omani Criteria, all the monitoring results by third party environmental agency were within legislative prescribed limits during 2023 in the non-operated Blocks 3&4.

No major or significant release of emissions to environment was observed at the sites.

The environmental strategy for the producing Blocks of 3&4 is focused on:

Reduction of Greenhouse Gas emissions.

Minimising impact from all produced water.

Reducing waste generated from operations and the responsible disposal of all unavoidable waste.

Improving efficiency to enhance the reduction of emissions, produced water and waste.

To succeed with the environmental strategy, a substantial investment in associated gas utilisation project is necessary.

Zero routine flaring by 2030
Tethys Oil endorses the World Bank initiative "Zero routine flaring by 2030" to end the routine flaring of associated gas during oil production as this contributes to climate change, impacting the environment through the emission of CO_2, black carbon and other pollutants. Tethys Oil's endorsement of the initiative is a clear commitment to responsible resource management and sustainable business practices linking environmental and economic objectives. The initiative pertains to routine flaring and not to flaring for safety reasons or non-routine flaring, which nevertheless should be minimised. During 2023, Tethys Oil's Gas-to-Power project reached several milestones. The project's aim is to capture gas that was otherwise going to be vented or flared, and use it as a source of valuable energy. According to the project plan, the GHG emissions should decrease significantly driven by both elimination of emission from routine flaring and substantial reduction of diesel consumption for stationary combustion.

Renewable Initiatives
CCED, the operator of Blocks 3&4, have continued to use solar systems at some of their remote production wells during the year, reducing GHG emissions by 9,000 tonnes. Currently there are solar applications in the field for road lighting in camps and remote transmission units with an average overall saving of 700 litres diesel per day. The operator assessed solar application for certain pumps (ESP), a study was conducted in Nov-2022 to check the viability of using solar to power ESP. The outcome is not viable for now and decided to hold and search for alternative technology.

To further minimize GHG emission, CCED is also studying additional applications such as:

- Solar power for contractor camps, workshops, wells and rigs if solar is economical.
- Use solar panels to power chemical injection.
- Install electric powered heater treaters.

Waste management plan
The construction of waste management segregation yard and a storage yard is scheduled for completion during first quarter of 2024. The operation will cover storage and separation of waste for transportation to approved locations.

Energy

Energy used within organisation: HQs and Operating Blocks (49, 56, 58)	Unit	2023	2022	2021	2020	GRI indicator
Energy consumption*	MJ	6,691,836	28,235,377	25,898,173	770,988	
Fuel consumption within the organisation – non-renewable sources	MJ	6,046,104	27,612,206	25,395,818	326,610	
Electricity consumption**	MWh	179	173	140	123	302-1
Energy Intensity	MWh/km driven	0.01	0.03	0.03	0.001	
Energy Intensity (on exploration blocks)	MWh/man-hour worked	0.03	0.07	0.04	0.002	302-3
Man-hours worked (Blocks 49, 56, 58)	man-hour worked	63,960	120,292	168,185	139,608	
Total km driven (Blocks 49, 56, 58)	km	170,671	276,829	220,456	426,34	

Energy used outside the organisation (Blocks 3&4)	Unit	2023	2022	2021	2020	GRI indicator
Energy consumption*	MJ	601,545,613	548,450,569	437,043,761	392,541,455	
Fuel consumption outside of the organisation – non-renewable sources	MJ	601,545,613	548,450,569	437,043,761	392,541,455	302-2
Energy Intensity	MJ/bbl	187	151	108	95	302-3

* Refers to the total energy used for operations
** Electricity consumption includes electricity used for cooling and heating

Emissions

Emissions (Operational control method)	Units	2023	2022	2021	2020	GRI indicator
GHG (direct, scope 1)	t CO_2e	**440**	**1,977**	**1,813**	**32**	
of which Stationary combustion	t CO_2e	430	1,967	1,804	28	305-1
of which Mobile combustion	t CO_2e	9	9	10	4	
GHG (indirect, scope 2)	t CO_2e	**70**	**67**	**49**	**40**	305-2
of which Purchased Energy	t CO_2e	70	67	49	40	
GHG (indirect, scope 3)	t CO_2e	**508,458**	**527,362**	**537,008**	**465,148**	
of which Purchased goods and services	t CO_2e	4	4	4	3	
of which Fuel- and energy related emissions (not included in Scope 1 and 2)	t CO_2e	94	354	148	13	
of which Waste generated in operations	t CO_2e	25.4	24.8	43	0	
of which Business travel	t CO_2e	59.9	63.1	45	23	305-3
of which Employee commuting	t CO_2e	22	19	18	18	
of which Investments (Blocks 3&4, Minijos)	t CO_2e	508,253	526,897	536,750	465,091	
of which Flaring	t CO_2e	185,714	220,496	201,522	123,220	
of which Cold Venting	t CO_2e	3,517	3,871	4,280	3,662	
of which Gas Utilized	t CO_2e	3,062	3,481	3,914	0	
of which Power Generation	t CO_2e	43,020	39,223	31,150	28,105	
GHG (indirect, scope 3) excluding CO_2	t CO_2e	**16,624**	**19,931**	**16,748**	**3,893**	
N_2O	t CO_2e	92	84	76	143	
CH_4	t CO_2e	16,532	19,848	16,673	3,750	305-1
N_2O	t	0.31	0.28	0.25	0.48	
CH_4	t	661	794	667	150	
Total GHG emission (scope 1, 2, 3)	t CO_2e	**508,967**	**529,405**	**538,870**	**465,220**	
Direct CO_2 emission	t CO_2e	**440**	**1,977**	**1,813**	**32**	

Emissions (Equity share method)	Units	2023	2022	2021	2020	GRI indicator
GHG (direct, scope 1)	t CO_2e	**235,604**	**268,360**	**242,621**	**155,019**	305-1
of which Stationary and Mobile combustion	t CO_2e	43,310	40,512	32,905	28,137	
of which Flaring	t CO_2e	185,714	220,496	201,522	123,220	
of which Cold Venting	t CO_2e	3,517	3,871	4,280	3,662	
of which Gas Utilized	t CO_2e	3,062	3,481	3,914	0	
GHG (indirect, scope 2)	t CO_2e	**70**	**67**	**49**	**40**	305-2
of which Purchased Energy	t CO_2e	70	67	49	40	
GHG (indirect, scope 3)	t CO_2e	**273,144**	**260,291**	**296,142**	**310,161**	305-3
of which Use of sold products	t CO_2e	212,547	211,363	228,325	274,087	
of which Processing of sold products	t CO_2e	14,405	13,499	14,635	18,600	
of which Transport and Distribution (downstream)	t CO_2e	5,920	5,630	6,038	7,401	
of which Purchased Goods and services	t CO_2e	737	699	355	365	
of which Capital Goods	t CO_2e	8,642	6,786	2,958	2,755	
of which Fuel- and energy related emissions (not included in Scope 1 and 2)	t CO_2e	9,117	8,581	6,704	5,901	
of which Transport and Distribution (upstream)	t CO_2e	32	32	32	32	
of which Waste generated in operations	t CO_2e	21,581	13,538	36,952	898	
of which Investments	t CO_2e	81	81	81	81	
of which Business travel	t CO_2e	60	63	45	23	
of which Employee commuting	t CO_2e	22	19	18	18	
GHG (direct, scope 1) excluding CO_2	t CO_2e	**16,624**	**19,931**	**16,748**	**3,893**	305-1
N_2O	t CO_2e	92	84	76	143	
CH_4	t CO_2e	16,532	19,848	16,673	3,750	
N_2O	t	0.31	0.28	0.25	0.48	
CH_4	t	661	794	667	150	
Total GHG emission (scope 1, 2, 3)	t CO_2e	**508,818**	**528,718**	**538,812**	**465,220**	
Direct CO_2 emission	t CO_2e	**235,674**	**268,427**	**242,670**	**155,059**	

GHG Intensity

GHG Intensity, Operational control	Unit	2023	2022	2021	2020	GRI indicator
GHG Intensity for the Operating blocks (S1+S2)*	t CO_2e / km driven	0.0030	0.0074	0.0084	0.0002	305-4
GHG Intensity for the Group (S1 + S2 + S3 (Cathegories 9, 10, 11 are excluded))**	t CO_2e / 000’bbl	85.8	82.4	71.3	39.8	
GHG Intensity, Equity share						
GHG Intensity for the Operating blocks (S1+S2)*	t CO_2e / km driven	1.4	1.0	1.1	0.4	305-4
GHG Intensity for the Group (S1 + S2 + S3 (Categories 9, 10, 11 are excluded))**	t CO_2e / 000’bbl	85.7	82.2	71.3	39.8	
GHG Intensity for the Group (S1 + S2)**	t CO_2e / 000’bbl	73.2	74.0	59.7	37.4	

* GHG Intensity for Operating blocks is based on Scope 1&2
** Gases included in the calculation: CO_2, CH_4, N_2O.

Flaring

Flaring and Venting on Blocks 3&4	Unit	2023	2022	2021	2020	GRI indicator
Natural gas flared	t CO_2e	185,714	220,496	201,522	123,220	305-1
Natural gas vented	t CO_2e	3,517	3,871	4,280	3,662	
Natural gas flared	MMscf	2,302	2,639	2,392	2,261	
Natural gas vented	MMscf	63	67.8	72	45	
Flaring intensity	scf / bbl	715	727	588	545	

Biodiversity and ecosystems

Goal	Target	Performance KPI
No Net Loss (NNL) of biodiversity and prevention of operations in critical habitats	Zero Tier 1 hydrocarbon releases	Hydrocarbon spill intensity (Produced Liquids Spilled (bbl)/Total Produced Liquids (Mbbl))
	Status	**Outcome**
	0 Tier 1 releases	0.0069

Why is this important?
Biodiversity does not only have intrinsic value, but is also vital to human health, food production, economic prosperity, and mitigation of climate change and adaptation to its impacts. It is during the exploration phase that Tethys Oil's operations may impact and potentially disrupt biodiversity and the use of land. As most operations constitute exploration, biodiversity and land use are highly prioritised topics for Tethys Oil. Impacts on biodiversity can result in limitations in the availability, accessibility, or quality of natural resources, which in turn may impact the well-being and livelihoods of local communities and their human rights. Impacts can further be exacerbated if activities occur in protected areas or areas of high biodiversity value, and may extend well beyond the closure and rehabilitation of operational sites or geographic boundaries of activities.

Tethys Oil's approach
Protecting species and habitats in the areas where Tethys Oil operate is an important priority. By operating in the Sultanate of Oman, arid areas where land use opportunities are limited and biodiversity generally poor, possible impacts of the operations can to some extent be mitigated thanks to the strategic geographical location.

Tethys Oil's work is guided by precautionary principles and is committed to avoidance or, if avoidance is not possible, to minimise and restore any potential impact on natural habitats in the surroundings above and below the surface, in line with the mitigation hierarchy.

Avoid
in pre-operations assessments, potential impacts are evaluated together with plans for mitigative actions.

Minimise
when impacts cannot be avoided, activities are planned to minimise the effects.

Restore
diligently work to remediate an area so that it is restored to its original condition as reasonably as practical.

Tethys Oil is required to obtain a permit from the Environment Authority after submitting an EIA Scoping Report to assess the pollution aspect of the proposed project (air, dust, waste, noise pollution, sewage discharge, etc). This Scoping Report will also determine the method of the proposed control measures, as well as the potential impact on existing critical areas, mitigation measures to reduce the negative impact during operations, and the participation of Tethys Oil contractors in adhering to the Environment Management Plan.

In Blocks 49, 56 and 58 gazelles and lizards are the most probable red list species that may be present within Tethys Oil's areas of interest. It is also likely that birds will be attending and migrating through the project area. To identify and mitigate for the presence of these, feasibility scoping reports are performed before each new exploration, seismic or development project. The report is conducted in conjunction with environmental services agencies, which gives an external assurance of the environmental assessments. Risks are assessed and mitigated prior to any planned activity.

Tethys Oil is committed not to operate in protected areas designated under World Conservation Union and UNESCO Natural World Heritage Sites.

Currently no project is located in protected areas.

Activities and results 2023
During the year, the Group implemented a Biodiversity Policy to further strengthen its commitment. These commitments apply to existing and future operations and to operations beyond areas of high biodiversity value. The policy is based on the knowledge from previous activities as well as industry standards to ensure that the protection of biodiversity is included in the planning and execution of all the Group's projects. Tethys Oil adopts the recommendations made from the scoping reports. The Company holds meetings with local stakeholders to listen to their opinions and knowledge. The subcontractors are also educated on these issues and have representatives at the meetings and participate in the investigations.

Tethys Oil's policies are further explained on pages 62–63 in this report. More detailed information can be found in the documents published on the Company's website.

Spill prevention
In order to prevent any possible impact on the environment and to ensure people's safety, Tethys Oil incorporate safety and environmental protection criteria throughout the operations.

The Group's HSE Policy ensures procedures where spills are quickly detected, and timely action can be taken to mitigate the impacts of the spill. In the event of a spill, the fluids are removed by suction technique and the soil or sand is removed and replaced if necessary.

All oil spills are recorded, and regular site surveys are conducted by a third party environmental service agency that provides recommendations on how these issues might be mitigated. The number of Tier 1 hydrocarbon releases (more than 7 barrels of oil spilled per hour) were 0 recorded incidents. The number of limited releases increased due to repair of facilities and maintainance activities which have been identified concerning the facility plants in terms of leaks.

Blocks 3&4 liquid hydrocarbon spills 2020–2023	2023	2022	2021	2020
Number of Tier 1 Spills	0	0	2	8
Spill Intensity* (Produced Liquids Spilled (bbl)/ Total Produced Liquids (Mbbl))	0.0069	0.0023	0.02	0.02

* Calculation: Produced Liquid Spilled (bbls) / Total Produced Liquid (1,000 bbls)

Produced liquid spilled (bbls): All Crude Oil, condensate and/or produced water spills which are not confined to impermeable secondary containment.

Total produced liquid (1,000 bbls): crude oil, condensate and produced water generated from exploration and production activities (does not include gas).

Blocks 3&4 leak reduction programme
Managing spill risk is a critical element in reducing Tethys Oil's environmental impact. The 12-months rolling average for Tier-1&2 leaks reached 0 since December 2022 and it's continued the same as there was no Tier-1&2 hydrocarbon release recorded up to end of December 2023. A noteworthy milestone that was achieved by the increased number of flow line replacements, continued sand removal, start of chemical injection and corrosion management plan post the metallurgy study conducted.

The following actions have been taken by the operator of Blocks 3&4 to eliminate hydrocarbon leaks:

- Constructed new Produced Water Treatment System (PWRI) in Saiwan station.
- Upgraded Farha PWRI system, proactive replacement.
- Preventive/ corrective maintenance plan is in place.
- Started flange management activities from Saiwan station.
- Contract awarded for fugitive emission survey and repair.
- Proactively replaced the lines and corroded valves, flanges etc

The Environment Society of Oman (ESO)
In an effort to deepen the Groups engagement on biodiversity topics with local communities and biodiversity experts, Tethys Oil has a long history of collaborating with communities, industry groups, regulators and conservation groups to identify and protect biodiversity where it operates. Tethys Oil is a corporate member of ESO, a non-governmental, not-for-profit organisation which aims to help conserve Oman's natural heritage and raise awareness about environmental issues. ESO is a member of the International Union for the Conservation of Nature (IUCN) and represents environmental organisations of west Asia at the United Nations Environment Programme (UNEP).

Site closure, decommissioning and reclamation.
- Assessment prior to operational activities to set baseline.
- Multi-stakeholder approach which requires participation and transparent communication to local authorities and related stakeholders on operational plans.
- Reclamation to it's pre-operational ecosystem by soil remeditation in case of drilling activities.

Completion of drilling well Menna-01
Initiate activities with team members who have valid certifications, experience, and licenses according to OPAL standards. The area has no obstructions, no housekeeping issues, no spills, and has safely demobilized all equipment from its location.
(Third party verification statement regarding site reclamation) 08-12-2023 to 25-12-2023

Spills

Spills: Blocks 49/56/58 Operational control	Unit	2023	2022	2021	GRI indicator
Number of spills and leaks	number	1	0	0	306-3
of which minor (less than 0.7bbls/h)	number	1	0	0	
of which medium (0.7bbls/h < spills < 7.0 bbl/h)	number	0	0	0	
of which major (more than 7bbls/h)	number	0	0	0	
Amount of spills and leaks	litre	35	0	0	
Number of oil spills and leaks	number	1	0	0	
of which minor (less than 0.7bbls/h)	number	1	0	0	
of which medium (0.7bbls/h < spills < 7.0 bbl/h)	number	0	0	0	
of which major (more than 7bbls/h)	number	0	0	0	
Amount of oil spills and leaks	litre	35	0	0	

Spills: Blocks 3&4 Non-operated	Unit	2023	2022	2021	GRI indicator
Number of spills and leaks	number	194	129	302	306-3
of which minor (less than 0.7bbls/h)	number	194	129	300	
of which medium (0.7bbls/h < spills < 7.0 bbl/h)	number	0	0	0	
of which major (more than 7bbls/h)	number	0	0	2	
Amount of spills and leaks	litre	43,184	12,649	110,275	
Number of oil spills and leaks	number	179	93	282	
of which minor (less than 0.7bbls/h)	number	179	93	281	
of which medium (0.7bbls/h < spills < 7.0 bbl/h)	number	0	0	0	
of which major (more than 7bbls/h)	number	0	0	1	
Amount of oil spills and leaks	litre	39,845	8,449	81,895	

Biodiversity

IUCN Red List species with habitats in operating areas (B49, B56, B58)	Unit	2023	2022	2021	GRI indicator
Critically endangered	number	2	2	2	304-4
Endangered	number	4	4	4	
Vulnerable	number	5	5	5	
Near threatened	number	7	7	7	

IUCN Red List species with habitats in operating areas, 2023	Blocks 3&4	Block 49	Block 56	Block 58
Critically endangered	0	1	0	2
Endangered	0	4	0	4
Vulnerable	1	5	4	5
Near threatened	1	7	1	7

Social and safety

Equal treatment and opportunity for all

Goal: Foster a diverse and inclusive workplace

Own workforce – health & safety

Goal: Zero harm

Affected communities

Goal: Make a positive impact in the communities where the Group operates

10 REDUCED INEQUALITIES

8 DECENT WORK AND ECONOMIC GROWTH

4 QUALITY EDUCATION

3 GOOD HEALTH AND WELL-BEING

Equal treatment and opportunity for all

Goal	Target	Performance KPI:	Performance KPI:	Policy statement
Fostering a diverse and inclusive workplace	Zero cases of discrimination	Reported cases of discrimination	Employee satisfaction survey	
		Outcome	**Outcome**	**Outcome**
		0	Satisfaction rate 76%	group-diversity-and-non-discrimination-policy. Group human rights policy

Why is this important?
A successful business is dependent upon its employees as individuals. A fair, respectful, and safe working environment based on equal opportunities and treatment is vital to support a company's strategy on all levels. No matter origin or ethnicity, every person is entitled to the same human rights. Freedom from discrimination is a human right and a fundamental right at work. Respecting diversity and building an inclusive working culture is deeply rooted in Tethys Oil's Scandinavian values.

Tethys Oil's approach
Tethys Oil's primary asset is the employees. Ensuring a diverse and equitable workplace where all employees feel welcome is essential to the company's continued success. High employee satisfaction and high-performance standards are a high priority for Tethys Oil, and a prerequisite to attract talent. Further, it shall offer rewarding working conditions and realise each employee's individual potential through training and job promotion. Tethys Oil has zero tolerance towards all forms of child and forced labour in the value chain.

Tethys Oil's position on diversity and discrimination
- Tethys Oil seeks to recruit and retain the best possible candidates for all positions based on merit regardless of gender, age, disability, nationality, race or religion.
- The cultural diversity of the Group's employees is an asset and shall be respected. Tethys Oil will not accept any form of harassment or discrimination of its employees for any reason.
- Tethys Oil's employees, partners and contractors should feel free to voice concerns or report instances of discrimination without fear of recrimination or harassment.
- Tethys Oil's employees shall always act with the utmost integrity and respect when dealing with colleagues, partners and society.

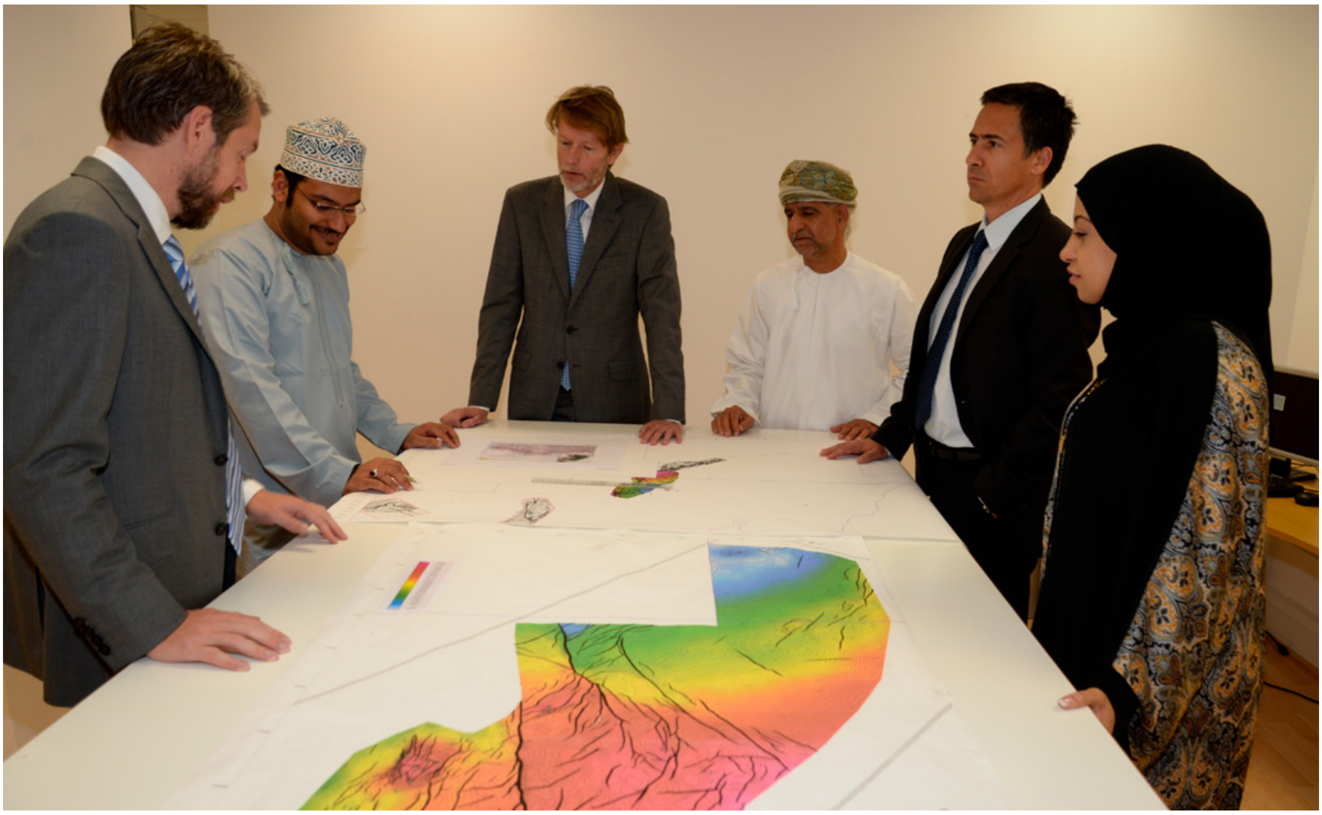
Tethys Oil's position on human rights
Tethys Oil expect all employees, suppliers and business partners to meet strict social, ethical and environmental requirements and to respect human rights. The Group supports internationally recognised human rights wherever it operates. Tethys Oil is committed to investigating, addressing, responding and to take appropriate corrective action in response to any violation of human rights. It means that the Group shall provide effective remedies to victims, including reparation if a violation occurs.

Tethys Oil's work is guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (ILO) and the United Nations Global Compact. Further, it's based on the United Nations Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in 2011.

Tethys Oil recognises the importance of respecting the rights of local communities, and thus before any new investment or operational activity, the Company analyses potential impacts on human rights. While the Group respects all human rights, it focuses primarily on those human rights that have the highest potential impact by its operations. Typically, those most impacted are populations and communities in countries where Tethys Oil is active or within its license areas where it operates.

The nature of Tethys Oil's operations as a highly skilled upstream oil and gas operator in Oman means that the risk for child labour or bonded and forced labour is limited. There are potential risks in the use of subcontractors in some cases, but Tethys Oil's stringent policies and the transparent process for procurement, avoids and further mitigate any such risks.

Tethys Oil's approach on sub-contractors and their respect of human rights is further elaborated in the Group's Supplier Code of conduct, which is the code in regards to labour rights and working condition. Supplier risk assessments ensure that suppliers are meeting the conditions in the policy.



Local hiring
Tethys Oil prioritises hiring locally and developing local talents. Local hiring allows the Group to make meaningful economic contributions to the communities, especially in the areas where professional labour may otherwise be scarce.

Tethys Oil's offices
Tethys Oil's Muscat office is the base for Tethys Oil's Chief Technical Officer and consists of a team of engineers and subsurface specialists together with finance and administration staff. In 2023 22 people were employed in Muscat.

Tethys Oil's head office is located in Stockholm, Sweden. It is the base for the Managing Director, the Chief Financial Officer and the Chief Legal Officer, along with Tethys Oil's finance, HR, business development, sustainability and communications staff. In 2023, Tethys Oil had an average of 10 employees based in Stockholm.

In 2023 Tethys Oil had an average of 31 full-time employees of several different nationalities, in a broad age range, of which 33 percent were female and 67 percent male. A majority of the staff have graduated from universities and colleges, primarily with geosciences, engineering or business administration.

Activities and results 2023
During 2023, Tethys Oil rolled out a Company-wide programme to track employee satisfaction which is of high priority for Tethys Oil. The tracking of employee satisfaction will allow Tethys Oil to gain insights in the well-being of its employees and in management performance. Furthermore, these insights will be meaningful in making efforts to maintain and improve employee satisfaction.

To further strengthen its commitment on human rights, an updated Human Rights Policy has been implemented during the year. The policy is guided by international human rights principles, and it focuses on fostering open and inclusive workplaces based on human rights.

- No human rights-related grievances were filed against the Company in 2023.
- No recorded incidents of discrimination at Tethys Oil's operations during 2023.

Furthermore, Tethys Oil has adopted an updated Diversity and Non-Discrimination Policy. The Policy applies to all staff and contractors employed by Tethys Oil worldwide, and concerns the process of recruiting, retaining, rewarding and promoting employees and all other aspects of management of the Group's human resources.

Tethys Oil's policies are further explained on pages 62–63 in this report. More detailed information can be found in the documents published on the Company's website.

Discrimination

Incidents of discrimination and corrective actions taken	Units	2023	2022	GRI indicator
Total number of incidents of discrimination during the reporting period	number	0	0	406-1
Status of the incidents and actions taken		No incidents took place	No incidents took place	

Workforce data

Total number of employees	Unit	2023	2022	GRI indicator
Total number of employees	number	33	31	102-7
out of which women	number	11	12	
With employment contract, undetermined period, full time	number	31	29	102-8
out of which women	number	10	11	
With employment contract, undetermined period, part time	number	2	2	
out of which women	number	1	1	
External consultants / contractors	number	6	6	
out of which women	number	1	1	
Sweden				
Total number of employees	number	10	10	102-8
out of which women	number	4	5	
External consultants / contractors	number	5	4	
out of which women	number	1	1	
Oman				
Total number of employees	number	22	20	102-8
out of which women	number	6	6	
External consultants / contractors	number	3	2	
out of which women	number	0	0	
UAE				
Total number of employees	number	1	1	102-8
out of which women	number	1	1	

The percentage of women and men employees per employee category

(internal employees)	Unit	Top management		Middle management		Operative staff		GRI indicator
		2023	2022	2023	2022	2023	2022	
Percentage of women in the organisation	%	9	8	18	8	73	83	405-1
Percentage of men in the organisation	%	14	16	23	16	64	68	
Employees <30 years old	%	0	0	0	0	100	100	
Employees between 30–50 years old	%	8	10	8	5	85	86	
Employees >50 years old	%	20	20	60	60	20	20	

The percentage is calculated by reference to the total number of women / men and not to the total number of employees.

Average hours of training per year per employee

Group	Unit	2023	2022	Employee Category	GRI indicator
Total training hours for all employees	hours	696	673	Economics, Finance & Legal	404-1
thereof male	hours	562	540	Economics, Finance & Legal	
thereof female	hours	134	133	Economics, Finance & Legal	
Average hours of training per employee	hours	21	21.7	Economics, Finance & Legal	
thereof male	hours	26	30.0	Economics, Finance & Legal	
thereof female	hours	12	11.1	Economics, Finance & Legal	
Total training expenditures for all employees	MUSD	0.06	0.03	Economics, Finance & Legal	
Average training expenditures for all employees	USD	1,807	1,129	Economics, Finance & Legal	

Management

The percentage of individuals within the Executive Management team	Unit	2023	2022	GRI indicator
Percentage of men	%	75	75	405-1
Percentage of women	%	25	25	
Percentage of individuals under 30 years old	%	0	0	
Percentage of individuals between 30–50 years old	%	75	75	
Percentage of individuals over 50 years old	%	25	25	

Board of Directors

The percentage of individuals within the Board of Directors	Unit	2023	2022	GRI indicator
Percentage of men	%	80	80	405-1
Percentage of women	%	20	20	
Percentage of individuals under 30 years old	%	0	0	
Percentage of individuals between 30–50 years old	%	0	0	
Percentage of individuals over 50 years old	%	100	100	

Health and safety

Goal	Target	Performance KPI:	Policy statement
Zero harm	Better occupational health and safety records than industry standards	Lost time injury rate (LTIR)	
		Outcome	**Outcome**
		0.0 (operated blocks) 0.18 (non-operated blocks)	Group HSE Policy

Why is this important?
Health and safety involves the prevention of physical and mental harm to workers and promotion of workers health. Healthy and safe working conditions are recognised as a human right, and a high priority for Tethys Oil. As an oil and gas company, Tethys Oil operates in an industry exposed to certain safety risks and impacts, where accidents potentially can occur. It is thus the Company's responsibility to identify and mitigate potential risks, and to provide the workforce with a safe and healthy working environment.

Tethys Oil's activities are subject to the Health, Safety and Environmental (HSE) risks inherent in the oil industry. Prevention of accidents and ill health is critical to efficient operations. Prevention of illness and promoting of healthy lifestyles provide lasting benefits for the workforce, their families, and the public. Loss of control of safety issues at facilities can potentially result in serious harm to people as well as the environment. The highest safety standards are critical to ensure the sound and effective functioning of Tethys Oil.

Tethys Oil's approach
The genuine care for HSE is a core value for Tethys Oil and is transparent throughout all of the company's plans and actions. The Group's objective is to provide a healthy and safe working environment for employees, contract personnel and members of the general public who might be affected by its activities. The Group is implementing a systematic approach to HSE management to achieve continuous improvement toward no harm to people, no accidents, no spills and to strive for minimum impact on the environment, thereby contributing to sustainable development.

Tethys Oil has established an HSE Policy with accompanying corporate procedures. The ultimate responsibility for HSE lies with the Managing Director. However, it is the responsibility of all Tethys Oil staff to ensure compliance with the Group's standards for safe operations.

Tethys Oil, as an operating company, will engage in technical and operational activities that have inherent risks. The Group has a commitment to achieve continuous improvement toward the goal of no harm to people, no accidents, no spills and strive for minimum impact on the environment and managing the company's reputation and protecting its legal and social licenses to operate. To meet this commitment, an assurance procedure for key technical and operational activities has been implemented.

Operating Management System framework
The Operating Management System (OMS) of the International Association of Oil & Gas Producers (IOGP) provides a comprehensive strategy to manage various risks, impacts, and threats associated with occupational health and safety, environmental and social responsibility, as well as process safety, quality, and security.

The purpose of this procedure, is to ensure key technical and operational activities are conducted in a prudent and safe way according to the OMS. Applicable to all types of upstream projects, this framework consists of 10 elements addressed by Tethys Oil's operational management when ensuring the effective handling of risks and the achievement of high performance standards in the oil and gas industry.

Activities and results 2023
In 2023, Tethys Oil continued to strengthen its HSE capabilities and preparedness by executing risk assessments and mitigation plans for the ongoing activities in Blocks 49, 56 and 58.

Training expenditures for employees have doubled compared to 2022. Average training expenditure per employee has increased with 46% since 2022, and average hours of training per employee has tripled since 2021.

HSE training and education:
Tethys Oil maintained its training programme focus for all operational personnel. During the year, Tethys Oil focused on the following activities to achieve zero harm in operations.

H2S training:
The training aims to ensure a thorough grasp of Hydrogen sulfide (H2S) hazards and properties, along with appropriate emergency response actions in case of an H2S incident. It is designed for personnel in environments susceptible to H2S gas contamination.

Defensive driving:
Oil and gas sector personnel must possess a Defensive Driving Permit for work-related driving. Tethys Oil is committed to ongoing training to improve drivers' knowledge and skills for safe driving.

A Journey Management Plan training:
The training guides personnel in planning safe road journeys in compliance with HSE requirements, emphasising the need for a Journey Management Plan for trips over 4.5 hours.

Leadership for supervisors training:
The training emphasises industry success factors, equipping managers and supervisors with tools to confidently handle risks and uncertainties when making decisions.

First aid and adult CPR in the community:
All Tethys Oil's personnel receives a First aid training based on international guidelines from the European CPR Council.

Contractor engagement

Since contractors consistently make up most of the Group's operational work, Tethys Oil focus on two levels of contractor engagement:

Executive level:
Tethys Oil management meets with key contractors to set clear expectations of the Groups commitment to safety in the workplace.

Working group:
Engagement sessions are held in the office and field locations to provide the same message, while also creating an opportunity to receive feedback and input on how Tethys Oil can collaborate and improve its safety performance.

Tethys Oil continue to build strong partnerships with its contractors to ensure an overall, unified HSE culture for everyone working with the company's operations.

Contractors accident rate
Integration of contractors into the health and safety management system:
1. On-site registration for procedure on safety plans.
2. Induction training on health and safety procedures and emergency response.
3. Monitoring and evaluation: on-site performance.

Safety

Safety performance, non-operated, employees & contractors, Blocks 3&4	Unit	2023	2022	2021	GRI indicator
Fatalities	number	0	0	0	403-9
Fatalities rate	per 100 mn hours worked	0	0	0	
Number of hours worked	hours (thousand)	10,920	8,760	5,690	
Lost-Time Injury rate (LTIR)	per 1 mn hours worked	0.18	0.23	0.35	
High-consequence work-related injuries	number	0	0	0	
High-consequence work-related injuries	per 1 mn hours worked	0	0	0	
Lost workday injuries	number	0	0	0	
Lost work days (calendar days)	number	0	0	0	
Total recordable injuries	number	5	5	2	
Total Recordable Injury Rate (TRIR)	per 1 mn hours worked	0.46	0.57	0.35	
The main types of work-related injury for employees		Different workrelated	Different workrelated	Different workrelated	

Safety performance, operated, employees & contractors, Blocks 49.56.58	Unit	2023	2022	2021	GRI indicator
Fatalities	number	0	0	0	403-9
Fatalities rate	per 100 mn hours worked	0	0	0	
Number of hours worked	hours (thousand)	64	120	169	
Lost-Time Injury rate (LTIR)	per 1 mn hours worked	0	0	0	
High-consequence work-related injuries	number	0	0	0	
High-consequence work-related injuries	per 1 mn hours worked	0	0	0	
Lost workday injuries	number	0	0	0	
Lost work days (calendar days)	number	0	0	0	
Total recordable injuries	number	0	0	0	
Total Recordable Injury Rate (TRIR)	per 1 mn hours worked	0	0	0	
The main types of work-related injury for employees		Non occured in the considered period	Non occured in the considered period	Non occured in the considered period	

Affected communities

Goal	Target	Performance KPI:	Policy statement
Make a positive impact in the communities where Tethys Oil operates	Ongoing long term community engagement projects at local, regional and national/ international level	Community engagement projects	
		Outcome	**Outcome**
		Global and National: 5 Regional: 4 Local: 5	Group CSR Policy and Code of Conduct

Why is this important?
Access to reliable and affordable energy can improve quality of life, create economic wealth and help people out of poverty. However, extracting oil and gas can stress and impact communities and interfere with resources. This may result from, for example, land use requirements for the industry activities, an influx of people seeking employment and economic opportunities. The support of communities in the host country is crucial for operating a resilient business, therefore good relations with host countries and local communities are prerequisites to Tethys Oil's business.

Tethys Oil's approach
All Tethys Oil's activities strive to create shared prosperity between stakeholders to avoid and mitigate any potential negative impact. The aim is to create economic opportunity and fostering goodwill in the communities through locally relevant initiatives.

By engaging with the stakeholders in the communities in which Tethys Oil operates, the Group ensures that they are listening to, learning from and considering stakeholders' views. To understand the concerns surrounding Tethys Oil's operations and to set mutually beneficial goals, the Group engages in an active dialogue and relationship with community stakeholders. This is to ensure local stakeholders' needs and priorities are considered and to avoid that the operations might disrupt the livelihood of the local population, their traditions and negatively affecting their quality of life.

Tethys Oil is committed to engage in dialogue with stakeholders on human rights issues related to the business and believes that local issues are most appropriately addressed at the local level. By encouraging local employment and, where appropriate, work with local communities, Tethys Oil strives to improve the health, skills and welfare in the local communities. Tethys Oil endeavours, where applicable, to engage in capacity building through the transfer of skills and technologies, and refrains from any involvement in tribal, internal, or other armed conflicts or acts of violence. Tethys Oil's Corporate Social Responsibility (CSR) activities are headed by the Director of Corporate Affairs and are continuously followed up. In addition to non-profit partnerships, Tethys Oil has dedicated local team members focused on listening and responding to community concerns in the operating areas.

Tethys Oil recognises that community engagement also includes land and resource rights. See more details on page 28. The Group is committed to act responsibly and minimising any potential negative impact by addressing extensive and meaningful engagement between Tethys Oil, local communities and affected vulnerable groups.

Tethys Oil community engagement is focused on three segments integrated with the ESG strategy.

Activities and results 2023

In 2023, Tethys Oil supported the communities associated with the Groups operations, for example in issues regarding water shortage and sanitation and providing necessary equipment to support teaching in local schools. The Company had a continuous dialogue on a national, regional and local level with all key stakeholders relating to Blocks 49, 56, 58.

During the year Tethys Oil adopted a Groupwide CSR Policy. The policy pertains to all activities undertaken by the Group towards fulfilling its CSR objectives, and aims at ensuring that all CSR expectations are handled according to good practice. The policy is available on Tethys Oil's website. Furthermore, Tethys Oil, together with its Joint Venture partners has established a CSR committee. The committee's objective is to carry through CSR projects and has an annual budget of MUSD 1.

The CSR function delivers the JV's strategy to support local communities in Oman through the provision of financial support for education, community development, health & safety, environmental causes and sponsorship of local events.

During the year the following initiatives have taken place in Tethys Oil's operated blocks:

Global and national community contributions

- Co-sponsor of Global forum Water and Humanity. The main focus was to gather experts from all over the world in Muscat to explore the challenges of energy transition and to examine their ideas and visions on solutions for a more efficient sustainable world.

Regional contributions

- Sponsorship of Shaleem hertiage, educational, and cultural carnival 2024.
- Sponsored and participated in Scientific Symposium at Dhofar Governorate. The symposium covered topics related to water supply and situation, dams, treated wastewater, artificial seeding and water associated with oil and water desilination.
- Sponsored Water Security Seminar in the Governorate of Dhofar, which raised awareness lectures on water usage and water handling.
- Supporting hospitals and clinics is a primary focus, with projects ranging from supplying kidney laser stone machinery to SQU Hospital, distal radius plates and 3-D printing to Khoula Hospital, a dialysis unit to a health clinic in Adam, installing an emergency room at a health center in Mahout, to constructing a walkway for patient rehabilitation and outdoor mobility.

Local contributions

- Supported families under Social Security in Wilate Thumriate with "Iftar Saeem"-initiative during the holy month of Ramadan (481 families supported).
- Continued sponsoring establishing prepatory class in Wilate Al Jazir. The objective of the contribution is for children who enrol in school the upcoming year to have great confidence in themselves and get them used to engaging in the school environment.
- Muqshin School was provided with two drinking water filtration system as well as printers for educational purposes.

The following initiatives are examples of additional community engagement projects collectively undertaken with or by the partners in Blocks 3&4:

Project	Aligned with SDG goal	National/Regional/Local
Atta Ramadhan 2023	10 – Reduce Inequalities	Local
Omani Charitable Organisation	10 – Reduce Inequalities	National
Health Walkway/Park (Mahout)	3 – Good Health and Well Being	Local
National Employment Programme	8 – Decent Work and Economic Growth	National
Nubian Ibex Conservation	15 – Life on Land	Regional
Dialysis Unit in Adam	3 – Good Health and Well-Being	Regional
Workshops for students with special needs	3 – Good Health and Well-Being	Regional
International Program of Grand Salam Explorer	4 – Quality Education	National
Outward Bound Oman “Musta’ad Program”	4 – Quality Education	National

Tethys Oil has for several years invested in local talent development by providing scholarships to students pursuing Geoscience at Sultan Qaboos University. In an ongoing commitment, a Ph.D. and two MSc students were supported, with the Ph.D. student joining Tethys Oil’s team in Oman during the year. This aligns with the company’s strategy to contribute to human capability development and cultivate skills within the national workforce. Notably, four former scholarship recipients are now key members of Tethys Oil’s Geoscience team, showcasing the success of the program.

Social investments in local communities

Social investments in local communities, Block 3&4, gross	Unit	2023	2022	2021
cash	MUSD	1.0	1.0	1.0
in kind	MUSD	0	0.0	0.0
volunteering hours	hours	0	0.0	0.0

Social investments in local communities, Blocks 49, 56, 58, gross	Unit	2023	2022	2021
cash	MUSD	0.056	0.032	0.012
in kind	MUSD	0	0.001	0.0
volunteering hours	hours	8 hrs distribution coupons for Iftar Saym for Ramadan	8 hrs distribution coupons for Iftar Saym for Ramadan	0.0

Governance

Business conduct

Goal: Strengthen and uphold a high standard of integrity and ethical business conduct

Business resilience

Goal: Resilience to a low-carbon future

Business conduct

Goal	Target	KPI
A high standard of integrity and ethical business conduct, based on Tethys Oil's zero-tolerance policy on bribery and corruption	100 percent employees trained on Code of Conduct and relevant policies and procedures	Employees who completed the Code of Conduct course
		Outcome 2023
		100 percent

Why is this important?
Failure to conduct a business in an ethical and transparent way can threaten a company's resilience or license to operate. Legal violations, operational negligence or corruption can have severe consequences for a company's reputation or financial stability. The consequences are material and have direct impact on the business, its employees, shareholders, communities, families, suppliers and customers.

Tethys Oil's approach
Tethys Oil holds a high standard of ethical, moral, and legal business conduct and expects its staff to act honestly, with integrity and in accordance with the Group's Code of Conduct. The Code covers standards, laws and regulations that govern the business, summarised in one common document below, that is based on the following policies. These are the foundations for the Company's work with regards to ethics, anti-corruption, and human rights.

The Code constitutes the commitment of the Group and its Board of Directors and its employees to aspire to high standards of conduct. Employees are encouraged to report suspected or known cases they believe may be illegal or a violation of the Group's Code of Conduct or any Group policies. To provide a secure avenue for employees and third parties to disclose concerns regarding improper, unethical or illegal conduct, Tethys Oil has implemented a Whistleblowing Policy and a whistleblower system, which are proactively communicated to employees. Complaints covered by the whistleblower system and other cases of suspected violation of the Code of Conduct, are managed in accordance with Tethys Oil's procedures. During 2023, zero cases were reported to the whistleblowing channel.

Critical concerns include concerns about the organisation's potential and actual negative impacts on stakeholders raised through grievance mechanisms stated in Tethys Oil's Whistleblowing Policy. The Group's grievance mechanism is a routinised process through which grievances can be raised and remedy can be sought. More detailed information can be found in the documents published on the Company's website.

Tethys Oil has zero tolerance for corruption. The Group has adopted an Anti-Corruption Policy and transparent procedures for employees, business partners and other external stakeholders to report suspected corruption cases to prevent the abuse of for example public office, company position, power for private gain, or the misuse of private power in relation to business. The policy and the procedures are based on Transparency International's Business Principles framework.

Overview of Tethys Oil Group Code of conduct

Vision, Mission and Values

Code of Conduct

Anti-Corruption Policy	Anti-Fraud Policy	CSR Policy	HSE Policy	Human Rights Policy
Stakeholder Relations Policy	Whistleblowing Policy	Biodiversity Policy	IT & Data Security Policy & Procedure	AML, CTF and KYC Policy

Information and Insider Policies	Diversity and Non-Discrimination Policy	Data and External Privacy Policy

It is strictly prohibited for Tethys Oil's staff or contractors to give, authorise, offer, promise, request, agree or receive gifts, hospitality and entertainment to improperly influence or reward acts or decisions or as an actual or intended compensation for any improper benefit.

Tethys Oil has strict anti-fraud policies aimed at safeguarding the Group and its staff from fraud and dishonest behaviour. The implementation of the policy aims to improve all Tethys Oil staff's knowledge and understanding of what constitutes fraud, how to prevent, detect and report suspected fraud and where the responsibility for investigation lies. The policy also aims to assist in creating an atmosphere of openness and trust where staff feels comfortable and able to raise concerns without the risk of repercussions.

Tethys Oil recognises that accepting or offering gifts or hospitality of moderate value is customary and in accordance with local business practice in the region that it operates. Tethys Oil has a gift policy in place that clarifies the requirements for staff and contractors when receiving or offering gifts on behalf of the Company.

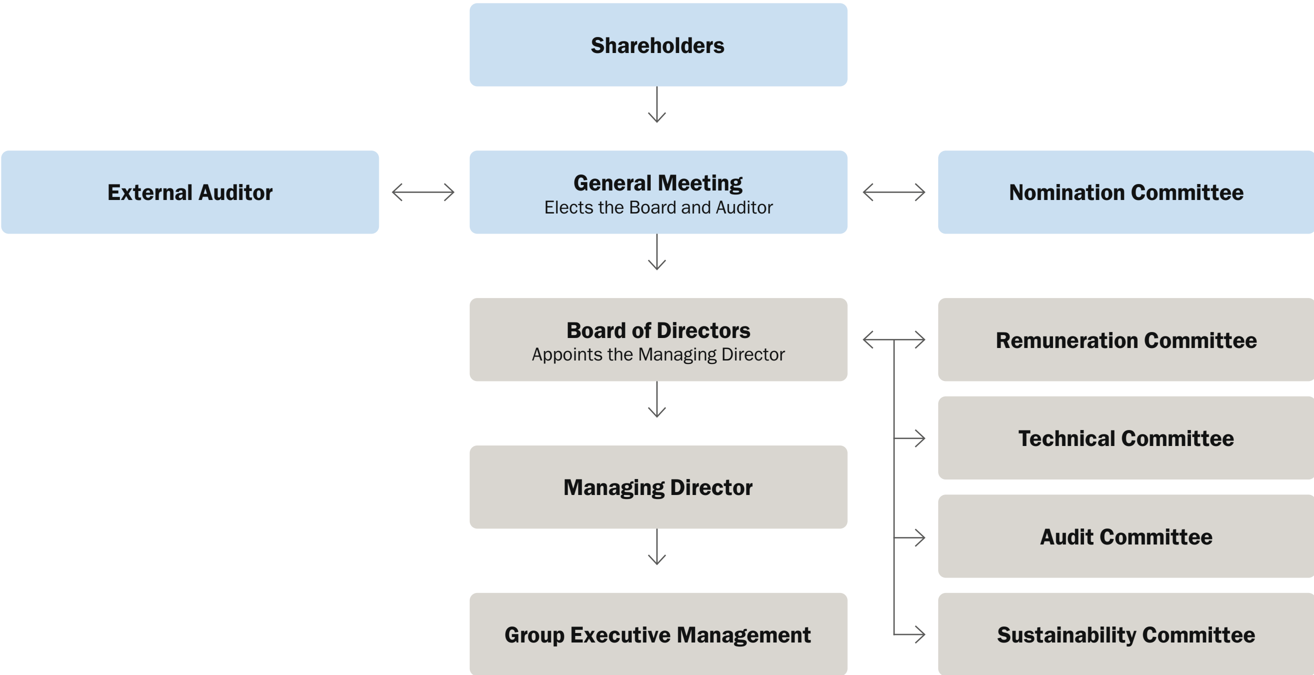
Activities and results 2023

Tethys Oil is responsible to conduct regularly review of the Company's policies. The policy Group consists of representatives from legal, investor relations, and sustainability. The manager for each business area is responsible to revise the relevant policy when essential changes take place in the business that affect content in the policy. The manager prepares the policy updates in cooperation with concerned areas and functions within the organisation, and given the comments received a final version is prepared. The Board of Directors or the Managing Director approves and adopt the Group's Policies. The Managing Director or another member of the Group Executive Management is ultimately responsible for the implementation of the Group's Policies.

During the year the Human Rights Policy was updated with adopting the Ten Principles of the UN Global Compact as guiding principles. Furthermore, the Group Anti-Fraud, Group Anti-Corruption, Group AML-CFT and KYC, Group Diversity and Non-Discrimination and the Group's Whistleblowing Policy were updated and a new Supplier Code of Conduct and a Biodiversity Policy were adopted. All new policies have been integrated in Tethys Oil's Code of Conduct.

The Board of Directors during a site visit in Oman.

Tethys Oil's sustainability governance structure



Sustainability Working Group
The Sustainability Working Group is a cross-functional team of subject matter experts that manages and coordinates the publication of the Group's Sustainability Report as well as other ESG related matters and efforts, as directed by the Executive Management. Tethys Oil's Head of Sustainability is responsible for overseeing ongoing activities as well as developing and implementing strategies within the scope of the Sustainability Working Group.

The Board of Directors
The Board regularly reviews management reports and welcomes external perspectives on a range of sustainability issues and strategy development, including climate, environmental performance, diversity and inclusion of our workforce, and community engagement. The Board members routinely pursue opportunities to remain well informed on recent developments.

Audit Committee:
Supervises the Company's financial reporting including the sustainability reports and is providing support to the Board in the decision making process regarding such matters.

Remuneration Committee:
Supports the Board on decisions regarding remuneration to the Managing Director including proposals and follow-up on the KPI's for variable salary which includes ESG parameters.

Technical Committee:
Follows-up on technical evaluations and operational work and reviews the operations management system including HSE matters.

Sustainability Committee:
Responsible for reviewing and monitoring the continuity and progress of the Groups sustainability goals, the management of sustainability risks and the compliance with the Company Policies and the Code of Conduct.

Payments to authorities

	Production sharing				Income taxes		Licence costs		Total		GRI indicator
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Per project	**Barrels ('000)**	**Barrels ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	
Oman											
Blocks 3&4	1,545	1,964	90,435	129,059	36,672	59,487	0	0	127,107	188,546	
Blocks 49								250		250	
Blocks 56	30		1,409		936		250	100	2,595	100	
Blocks 58							350	350	350	350	207-4
Total Oman	1,575	1,964	91,844	129,059	37,608	59,487	600	950	130,052	189,496	
Gibraltar					763				763		
Total Tethys Oil	**1,575**	**1,964**	**91,844**	**129,059**	**38,371**	**59,487**	**600**	**950**	**130,815**	**189,496**	
Per Authority											
Sultanate of Oman – Ministry of Energy and Minerals	1,575	1,964	91,844	129,059	37,608		200	300		129,359	
Sultanate of Oman – Ministry of Finance						59,487	400	650		60,137	207-4
Total Oman	1,575	1,964	91,844	129,059	37,608	59,487	600	950	130,052	189,496	
Total Gibraltar					763				763		
Total Tethys Oil	**1,575**	**1,964**	**91,844**	**129,059**	**38,371**	**59,487**	**600**	**950**	**130,815**	**189,496**	

Social fines

Non-compliance with laws and regulations in the social and economic area	Units	2023	2022	GRI indicator
Total number of significant fines	number	0	0	
Total monetary value of significant fines	MUSD	0	0	419-1
Total number of non-monetary sanctions	number	0	0	
Cases brought through dispute resolution mechanisms	number	0	0	

Corruption

Confirmed incidents of corruption and actions taken	Units	2023	2022	GRI indicator
Total number and nature of confirmed incidents of corruption	number	0	0	205-3
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	number	0	0	
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	number	0	0	
Public legal cases regarding corruption brought against the organization or its employees during the reporting period	number	0	0	
Confirmed breaches to the Code of Conduct	number	0	0	

Communication about anti-corruption policies and procedures	Units	2023	2022	GRI indicator
Communication of Anti-Corruption Policy to the Board of Directors	number of members	5	5	205-2
	%	100	100	
Communication of Anti-Corruption Policy to the employees				
Group level				
Executive Management	number of employees	4	4	205-2
	%	100	100	
Operative staff	number of employees	29	27	
	%	100	100	

Business resilience

Goal	Target	KPI
Resilience to a low-carbon future	Conduct stress-testing analysis and internal carbon pricing to ensure projects resilience in different energy transition scenarios	Carbon Emissions/Revenue (kg CO_2e/USD)
		Outcome 2023
		1.70 kg CO_2e/USD (1.71 in 2022)

Why is this important?
The energy sector faces long-term challenges as energy demands are shifting and, with it, so does the energy supply landscape. The market for renewable energy is experiencing rapid growth driven by the need for an energy source transition away from the dependence of fossil fuels. While hydrocarbons are expected to remain the dominant energy source in the coming years, a decline from this position is expected to gradually occur over time. To remain competitive during this transition period, the Company must be able to operate in an energy-efficient and profitable way.

Tethys Oil's approach
Tethys Oil's definition of business resilience is the ability and capacity to absorb stress and maintain continuous operations, protect people and assets, and enabling them to thrive in increasingly unfavourable conditions. Business resilience and value creation are critical focus areas for the Group, operating in the oil and gas industry, given its exposure to various challenges such as market volatility, geopolitical risks, environmental concerns, and technological advancements.

The Group can distinguish 5 important organizational pillars:

- **Adaptability:**
  By fostering a culture of adaptability and innovation within the organization. This includes staying agile in response to market changes, technological advancements, and regulatory developments.

- **Technology and operational resilience:**
  Sustain core business functions and the availability of key technology.

- **Financial resilience:**
  Retain liquidity and assets. Investments in upstream projects is still needed even in rapid transitions.

- **Risk management:**
  By implementing a comprehensive risk management strategy that identifies, assesses, and mitigates various risks, including market fluctuations, geopolitical events, and operational challenges.

- **Emergency preparedness:**
  Developing and regularly test emergency response and business continuity plans to ensure the Group can effectively respond to unforeseen incidents or crises.

A key metric that Tethys Oil uses measures the GHG intensity of revenue generated (expressed in kg CO_2 eq per USD or revenue). The metric allows fair comparison of different projects and assets, providing an opportunity for cross-sectoral comparison of revenue streams.

All oil is not equal
In today's evolving energy landscape, oil has come to encompass a vast range of crudes that vary dramatically in colour, density, and use. The emission intensity from oil production varies significantly depending on the type of oil assets, with oil sands and heavy oil being the most emissions intensive resources overall. Emission intensity from the same type of asset may also be significantly different as factors like well-maturity, location and other unique features of the individual wells affect the energy required for production. Researchers are beginning to quantify the varying environmental impacts of these different oils, particularly as they relate to climate change. The results could help companies and policymakers better decide when and where to drill in a world increasingly concerned with the cost of carbon – both financial and otherwise. For more information, please read the Sustainable transition section on page 10.
The Group implements stress-testing techniques and internal carbon pricing to ensure projects resilience in different energy transition scenarios will deliver value to shareholders. The Group continues to stress test its projects to different risks to ensure that it can continue to deliver value to shareholders even in a transitional environment.

Activities and results 2023
As in 2022, a key exercise in 2023 was the Group's continued TCFD assessment for testing resilience against low-carbon scenarios, which is described in more detail on pages 68–71. In 2023, Tethys Oil's commercial production essentially occurred on the non-operated Blocks 3&4 where the partner group is committed to reduce routine flaring to zero by 2030. A key step to accomplish this is the investments made in a Gas-to-Power facility that will use the associated gas to replace diesel as an

energy source for operations on the blocks. The investments made corresponds to some MUSD 15 over the past years and are expected to decrease emission intensity from production by 30 percent over the next three years and will have a positive payback during the project. The reduced emissions and costs will increase the blocks' competitiveness during the transition era. For more information on the Gas-to-Power project, please see page 29.

Block 56 – an example of Tethys Oil's business model in the making
As the operated block with the most activity, Block 56 has over the course of the past years moved through several of the steps in the E&P life cycle – with the aim of field development and commercial production in 2024. The extended well test successfully performed in 2023 de-risked and strengthened the belief that the Eastern Flank area is viable for further development and commercialisation.

In total Tethys Oil produced over 60,000 barrels of oil from two wells during the extended well test, and the contingent resources of the Al Jumd, Menna and Sarha prospects are expected to be evaluated and third party reviewed as the field development plan is finalised. These three prospects are a part of a chain of leads and prospects along the Eastern Flank area of Block 56 that Tethys Oil over time aim to bring to commercialisation.

The area is not only highly prospective but is also near established infrastructure on neighbouring Block 6, allowing for easier and more cost-efficient field development. As a part of the field development planning, the Group is also exploring the possibility of electrifing the future production facilities by connecting them to the grid on Block 6, this would provide additional cost and emission reductions of the production per barrel. In Block 56 Tethys Oil sees the potential of bringing a second revenue stream online, strengthening and diversifying the Group's portfolio, business resilience and competitiveness in the coming years of energy transistion.

The strategic challenge of balancing short-term returns with its long-term license to operate
By adopting a holistic approach that considers both short-term financial performance and long-term sustainability, Tethys Oil can navigate the strategic challenge of balancing immediate returns with its license to operate effectively, ensuring resilience and success in the face of evolving economic, social, and environmental challenges.

- **Integrated decision-making:**
  Integrate environmental, social, and governance (ESG) considerations into strategic decision-making processes to ensure alignment with long-term sustainability goals.

- **Risk management:**
  Conduct comprehensive risk assessments to identify and mitigate risks associated with short-term profit-seeking activities, such as environmental pollution, community unrest, regulatory non-compliance, and reputational damage.

- **Stakeholder engagement:**
  Foster transparent and constructive dialogue with stakeholders to build trust, address concerns, and co-create solutions that balance short-term business objectives with long-term societal and environmental needs.

- **Long-term investments:**
  Allocate resources towards long-term investments in sustainable practices, technology innovation, community development, and stakeholder engagement initiatives that contribute to both financial returns and social/environmental benefits.

- **Metrics and reporting:**
  Establish key performance indicators (KPIs) and reporting mechanisms to track progress towards both short-term financial goals and long-term sustainability objectives, providing transparency and accountability to stakeholders.

- **Leadership and culture:**
  Cultivate a corporate culture that values sustainability, ethical conduct, and long-term thinking at all levels of the organization, with leadership setting the tone and leading by example.

Tethys Oil's Board of Directors has authorised the executive management to explore the possibility of investing in energy transition businesses. The scope of the exploratory work should focus on the Company's subsurface competence and/or its geographic footprint in the Nordics and Baltics as well as Oman and the Gulf region.

Task force for Climate-related Financial Disclosures

Tethys Oil aims to produce oil and natural gas in the most effective and sustainable way to provide affordable and accessible energy to the growing global population, and to improve the quality-of-life standards for people around the globe. The Group shares global concerns about multiple sustainability challenges that the world is facing, including risks caused by climate change.

In response to the emerging climate related risks, Tethys Oil decided to start utilising the recommendations of the Task force on Climate-related Financial Disclosures (TCFD).

TCFD framework
The Task force for Climate-related Financial Disclosures was established in 2015 by the Financial Stability Board (FSB), and was asked to develop voluntary, consistent climate related financial disclosures that would be useful to investors, lenders, and insurance underwriters in understanding material risks. Under the TCFD Framework, companies are asked to demonstrate how resilient their business would be, related to the transition to a lower-carbon economy.

As a reference to this type of transition, scenarios of "below 2 degrees" are recommended to be used.

TCFD Framework is based on 4 pillars:

Governance
Disclose the Company's governance around climate-related risks and opportunities.

Strategy
Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning where such information is material.

Risk management
Disclose how the Company identifies, assesses, and manages climate-related risks.

Metrics and targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Strategy and risk management

1. Climate-related risks and opportunities

ESG Board Committee has been established to address, among other things, climate related risks and opportunities on the Board level. Following TCFD Framework, Tethys Oil has identified several potential climate related risks, emerging on physical risk and transition risk dimensions. The risks are mostly long-term in nature (i.e. with some probability of arising in the time horizon of less than 10 years ahead) with some risks (specifically regulations related) being medium-term nature (i.e. with some probability of arising in the time horizon of less than next 10 years). The following risks have been identified, by the Group's management, related to the transition to a lower-carbon economy.

- Oil prices persistent decline due to lower demand in the long-term.
- Carbon prices persistent increase, as the incentivisation measure for emissions' cut (long-term).
- Stricter regulation for new licenses permits granting, with more conditionality added and longer process of applications considerations and approvals (mid-term).
- Reputational concerns for the Oil & Gas industry with the impact for social license to operate, talents attraction and retention, and valuation of existing assets.

The following physical risks have been identified with their respective likelihood and magnitude:

Type of climate related physical risks	Frequency/degree of vulnerability[1]	Climate change Impacts due to identified vulnerability[2]	Risk magnitude[3]	Comments
Cyclone	1	1	1	The location of the Blocks and nature of the surrounding landscape would mean the project is not subject to cyclones.
High Waves	1	1	1	The Blocks are located far away from the coast, and as a result, are not subject to high waves.
Landslides	1	1	1	The location of the project excludes the impacts of landslides, as they are highly unlikely in the area.
Dust Storms	3	1	3	The location of the site and nature of the surrounding landscape would mean the project could be subject to high dust levels and dust storms which can reduce visibility for vehicles and workers in the area.
High Temperatures	2	1	2	High temperatures are typical in the area particularly in the summer months when temperatures peak. Care should be taken to ensure shelter and sufficient water is provided to hydrate workers on site; and where possible, to provide breaks at time periods when temperatures peak in the summer months.
Sea Level Rise	1	1	1	The projects are located far away from the coast, and as a result, are not subject to high sea level rise.
Heavy Rains	2	1	2	In the event of heavy rains, potential flooding is possible due to flat lying land and lack of drainage in the area. This potentially can cause ground contamination.
Flash Flooding	2	1	2	In the event of heavy rains, potential of flash flooding is possible due to flat lying land and lack of drainage in the area.

[1] 1, 2 or 3 assigned for low, medium or high frequency of vulnerabilities
[2] 1, 2 or 3 assigned for low, medium or high impacts due to identified vulnerabilities
[3] Risk magnitude should be calculated by multiplying frequency and climate impact

2. Scenario analysis and climate resilience

To stress-test the resilience of Tethys Oil's business model, the Group decided to conduct a scenario analysis exercise, trying to understand the impact of different oil price scenarios and carbon pricing scenarios on the valuation of the Group's assets and the recoverability of the Group's reserves and resources, assuming different transition paths to low-carbon economy, that the world would undertake.

Three different scenarios from the IEA were considered.

Please see the description and key parameters of considered scenarios below.

	Net zero emissions by 2050 (NZE scenario)	Announced pledges scenario (APS)	Stated policies scenario (STEPS)
Definitions	A scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It doesn't rely on emissions reductions from outside the energy sector to achieve its goals.	A scenario which assumes that all climate commitments made by governments and industries around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time.	A scenario which reflects current policy settings based on a sector-by-sector and country-by-country assessment of the energy-related policies that were in place by the end of August 2023, as well as those that are under development.
Objectives	To show what is needed across the main sectors by various actors, and by when, for the world to achieve net zero energy related and industrial process CO_2 emissions by 2050 while meeting other energy-related sustainable development goals.	To show how close do current pledges get the world towards the target of limiting global warming to 1.5 °C, it highlights the "ambition gap" that needs to be closed to achieve the goals agreed at Paris in 2015.	To provide a benchmark to assess the potential archivements of recent developments in energy and climate policy. The differences between STEPS and the APS highlights "implementation gap" that needs to be closed to archive the announced targets.

Source: https://www.iea.org/reports/global-energy-and-climate-model/understanding-gec-model-scenarios

			Net Zero by 2050		APS		STEPS	
Real terms (USD 2020)	2010	2022	2030	2050	2030	2050	2030	2050
IEA crude oil (USD/barrel)	103	98	42	25	74	60	85	83

USD (2022) per tonne of CO_2	2030	2040	2050
Announced pledges scenario (APS)			
Advanced economies with net zero pledges	130	175	200
Emerging markets and developing economies with net zero pledges	40	110	160
Other emerging markets and developing economies	-	17	47
Stated policies scenario (STEPS)			
European Union	120	129	135
China	28	43	53
Net zero emissions by 2050 scenario (NZE)			
Advanced economies with net zero pledges	140	205	250
Emerging markets and developing economies with net zero pledges	90	160	200
Other emerging markets and developing economies	15	35	55

Given the inputs from each scenario, Tethys Oil evaluated the impact of:

a) Oil price scenarios

b) Oil price and carbon pricing scenarios together on Tethys Oil's year end 2023 2P+2C reserves and resources from the valuation perspective as well as reserves and resources recoverability perspective.

In terms of carbon pricing, the most severe option was used within each scenario: i.e. carbon pricing assumed for advanced economies.

GHG emission within scopes 1 and 2 was considered for Tethys Oil, with 2 different GHG accounting approaches implemented (operational control and equity share). Average GHG emission for 2021 and 2022 is assumed for 2023–2040, adjusted for the effect of Gas-to-Power plant. As can be seen in the tables below, even the most severe assumptions and scenarios considered would allow the Group to recover ca 80 percent of its reserves and resources, with less than 35 percent of value affected. Notably, those scenarios do not take into account emissions reduction initiatives to be implemented in 2023–2024. (For example, Gas-to-Power Project).

Operational control approach for GHG accounting

NPV at 10%	Net Zero Emission by 2050	Announced Pledges	Stated Policies
Oil price impact	less than 20%	less than 5%	less than 5%
How much of 2P+2C reserves will be recovered?	99%	100%	100%
Oil price and Carbon pricing impact (S1+S2)	less than 20%	less than 5%	less than 5%
How much of 2P+2C reserves will be recovered?	100%	100%	100%

Equity share approach for GHG accounting

NPV at 10%	Net zero emission by 2050	Announced pledges	Stated policy
Oil price impact	less than 20%	less than 5%	less than 5%
How much of 2P+2C reserves will be recovered?	99%	100%	100%
Oil price and Carbon pricing impact (S1+S2)	less than 35%	less than 20%	less than 10%
How much of 2P+2C reserves will be recovered?	78%	90%	98%

3. Risk management

The following mitigation measures are implemented for physical risks:

- Dust suppression is typically used throughout the site in events of high winds and dust generation. This measure is important to increase visibility of passer-by vehicles and reduce particulate matter to compliant levels. Dust is typically monitored on a quarterly basis to ensure compliance with EA standards.
- Drainage installed in the area to minimise impacts of potential floods in the events of heavy rains or cyclone events, in each building, oil tanks and vessel boundaries.
- Measures implemented in the events of storms and lightning to avoid potential lightning strikes to passer-by vehicles and workers on site.
- In events of high temperatures, care is taken to ensure shelter and sufficient water is provided to hydrate workers on site; and when possible, to provide breaks at time periods when temperatures peak in the summer months.

The following mitigation measures are implemented to transition risks:

- Reduction of GHG emissions from operations through the implementation of gas to power plant project, aiming to stop routine flaring and eliminate diesel consumption for stationary combustion on Blocks 3&4.
- KPI of carbon intensity introduced (Management based KPI).
- Incorporation of carbon pricing assumptions in internal valuation for all existing and potential future projects.

Tethys Oil continuously monitors existing and emerging regulatory requirements related to climate. Climate change regulation at international, national and regional levels has the potential to significantly affect the regulatory environment of the oil and natural gas industry.

As countries around the world aim to fulfill their commitments under the Paris Agreement, corresponding regulatory changes could have a material impact on oil and gas operations.

Performance data

Introduction

Over the past couple of years, Tethys Oil's operated activities have increased noticeably as the Company has assumed the operatorship for Block 56 and Block 58 and drilling operations commenced on Block 49. In line with the increased activities, a corresponding jump in the nominal figures for certain key metrics can also been seen from 2021 when compared to previous years. Most noticeable for the operated blocks are the Scope 1 emissions and the increased energy consumption that followed the seismic acquisition campaigns on Blocks 56 and 58 as well as the wells drilled on Blocks 49 and 56. While these activities are of key importance for the Company's future growth they also highlight the importance of a proactive approach in all aspects of Tethys Oil's sustainability work – from finding ways to keep emissions on a competitive level, to safeguard the habitability of the native species and supporting the local communities.

On the non-operated Blocks 3&4 the most noticeable increase is the Scope 3 figures affected by flared gas. This increase is in large part due to the new Flared Gas Emissions Estimation Methodology, which is based on The American Petroleum Institute (API) Compendium of Greenhouse Gas Emissions Methodologies for Oil and Natural Gas Industry. Tethys Oil is, together with its partner group on Blocks 3&4, currently engaging in a Gas-to-Power project aimed at reducing flaring and instead using the associated gas to replace diesel as the energy source of stationary combustion. The peak of flaring should have been in 2023, to then start decreasing as the project's facilities commence operations. The project is a first step towards Tethys Oil's long-term target of achieving zero routine flaring by 2030. On the following pages Tethys Oil presents its non-financial performance data and indices in reference to GRI and TCFD.

- Performance data for Tethys Oil operated activities
- Performance data for non-operated Blocks 3&4
- Total Performance data for entire Group

Water used and discharged

		Totally for the Group				In the areas with water stress (B3&4, B49, B56, B58)				
Water withdrawal	**Unit**	**2023**	**2022**	**2021**	**2020**	**2023**	**2022**	**2021**	**2020**	**GRI indicator**
Water withdrawn, totally	megaliters	1,951	1,681	1,603	1,589	1,951	1,681	1,603	1,589	
thereof produced water	megaliters	1,346	1,091	913	666	1,346	1,091	913	666	
thereof freshwater (≤1.000 mg/l total dissolved solids)	megaliters	0	0	0	0	0	0	0	0	
thereof other water (>1.000 mg/l total dissolved solids)	megaliters	1,346	1,091	913	666	1,346	1,091	913	666	
thereof third-party water	megaliters	32.0	36.4	42.0	2.3	32.0	36.3	42.0	2.2	
thereof freshwater (≤1.000 mg/l total dissolved solids)	megaliters	32.0	36.4	42.0	2.3	32.0	36.3	42.0	2.2	303-3, 303-5
thereof groundwater	megaliters	31.9	36.3	42.0	2.2	31.9	36.3	42.0	2.2	
thereof surface water	megaliters	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	
thereof groundwater	megaliters	572.5	553.4	648.2	921.2	572.5	553.4	648.2	921.2	
thereof freshwater (≤1.000 mg/l total dissolved solids)	megaliters	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
thereof other water (>1.000 mg/l total dissolved solids)	megaliters	572.5	553.4	648.2	921.2	572.5	553.4	648.2	921.2	
Water consumed	megaliters	1,664	1,404	1,459	1,485	1,664	1,404	1,459	1,485	
Water recycled and reused	megaliters	1,059	813	769	559	1,059	813	769	559	
Re-injected produced water vs. produced water	%	78.7%	74.5%	84.2%	84.0%	78,7%	74.5%	84.2%	84.0%	
Re-injected produced water vs. total water withdrawn	%	54.3%	48.4%	47.9%	35.2%	54,3%	48.4%	48.0%	35.2%	

Water discharged	Unit	Totally for the Group 2023	2022	2021	2020	In the areas with water stress (B3&4, B49, B56, B58) 2023	2022	2021	2020	GRI indicator
Water discharged by destination	megaliters	287	277	144	104	287	277	144	104	303-4
thereof evaporated	megaliters	287	277	144	104	287	277	144	104	
thereof freshwater (≤1.000 mg/l total dissolved solids)	megaliters	0	0	0	0	0	0	0	0	
thereof other water (>1.000 mg/l total dissolved solids)	megaliters	287	277	144	104	287	277	144	104	

Utility water: fresh water from third-party provider
No water withdrawal estimated for B49/56/58

Waste

Waste from Operating Blocks (49, 56, 58)	Unit	2023	2022	GRI indicator
Total waste	t	19.8	19.6	306-3, 306-5
thereof non-hazardous waste	t	19.6	19.6	
thereof non-hazardous waste at landfill	t	19.6	19.6	
thereof non-hazardous waste disposed to a designated locations by the municipalities in Oman; offsite; general waste	t	19.6	19.6	
Hazardous waste		0.2	0.0	
thereof hazardous waste disposed to a designated locations by the municipalities in Oman; landfill; offsite	t	0.2	0.0	
Waste directed to disposal	t	19.8	19.6	

Waste from Non-Operating Blocks (3&4) Excluding contractors in 2023	Unit	2023	2022	GRI indicator
Total waste	t	414.3	676.9	306-3, 306-5
thereof non-hazardous waste	t	414.3	676.9	
thereof non-hazardous waste at landfill	t	414.3	676.9	
thereof non-hazardous waste disposed to a designated locations by the municipalities in Oman; offsite; general waste		414.3	676.9	
Hazardous waste, liquids	t	19,674.0	24,132.5	
thereof hazardous waste to landfill, onsite	t	10,698.1	7,659.7	
thereof hazardous waste disposed to a designated locations by the municipalities in Oman; landfill; offsite	t	8,976.0	16,472.8	
Waste directed to disposal	t	414.3	676.9	

Hirings

New employee hired by age group and gender	Unit	Number of employees 2023	2022	From which, women 2023	2022	GRI indicator
Total Group level						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	3	3	0	2	
	rate	13%	13%	0%	22%	
>50 years old	number	0	1	0	1	
	rate	0%	20%	0%	50%	
Sweden						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	1	2	0	2	
	rate	13%	22%	0%	50%	
>50 years old	number	0	1	0	1	
	rate	0%	50%	0%	100%	

Hirings

Oman						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	2	1	0	0	
	rate	11%	7%	0%	0%	
>50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	
UAE						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	
>50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	

Employee turnover by age group and gender	Unit	Number of employees		From which, women		GRI indicator
		2023	2022	2023	2022	
Total Group level						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	1	1	1	1	
	rate	5%	5%	11%	11%	
>50 years old	number	0	1	0	1	
	rate	0%	20%	0%	50%	
Sweden						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	1	1	1	1	
	rate	13%	11%	25%	25%	
>50 years old	number	0	1	0	1	
	rate	0%	50%	0%	100%	

Employee turnover by age group and gender	Unit	Number of employees		From which, women		GRI indicator
		2023	2022	2023	2022	
Oman						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	
>50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	
UAE						
<30 years old	number	0	0	0	0	401-1
	rate	0%	0%	0%	0%	
30–50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	
>50 years old	number	0	0	0	0	
	rate	0%	0%	0%	0%	

Number of employee departing the company ÷ Average number of employees = Employee turnover

Standard benefits for full-time employees

Table 1. Benefits	2023	2022	Beneficiaries	Motivation	GRI indicator
Sweden					
Health insurance care	yes	yes	All employees	Health protection	401-2
Parental leave	yes	yes	All employees	Gender equality	401-2
Subsidies for holiday and treatment	yes	yes	All employees	Attraction	401-2
Subsidies for lunches	yes	yes	All employees	Attraction	401-2
Disability and invalidity coverage	yes	yes	All employees	Attraction	401-3
Retirement provision	yes	yes	All employees	Attraction	401-4
Stock ownership	yes	yes	All employees	Attraction	401-5
Oman					
Health insurance care	yes	yes	All employees	Health protection	401-2
Parental leave	yes	yes	Female employees	Attraction	401-2
Subsidies for holiday and treatment	yes	yes	All employees	Attraction	401-2
Disability and invalidity coverage	yes	yes	All employees	Attraction	401-3
Retirement provision	yes	yes	All employees	Attraction	401-4
Stock ownership	yes	yes	All employees	Attraction	401-5
UAE					
Health insurance care	yes	yes	All employees	Health protection	401-2
Subsidies for holiday and treatment	yes	yes	All employees	Attraction	401-2
Stock ownership	yes	yes	All employees	Attraction	401-5

Performance review

The percentage of total employees, by gender and by employee category, who received a regular performance and career development review	Unit	2023	2022	GRI indicator
% of members of the organization who received performance review	%	100	100	404-3
% of women who received performance review	%	100	100	
% of employees with ILC, undetermined period, full time, who received performance review	%	100	100	
% of women, with ILC, undetermined period, full time, who received performance review	%	100	100	
% of employees with ILC, undetermined period, part time, who received performance review	%	100	100	
% of women, with ILC, undetermined period, part time, who received performance review	%	100	100	

Parental leave

Parental leave: Group	Unit	2023		2022		GRI indicator
		Women	Men	Women	Men	
Total number of employees that were entitled to parental leave as per end of year	number	3	6	3	2	401-3
Total number of employees that took parental leave during the year	number	1	0	2	2	
Number of employees who returned to work after parental leave ended	number	1	0	1	2	
Number of employees who returned to work after parental leave ended, who were still employed twelve months after their return to work	number	1	0	1	2	
Return to work rate	%	100	100	50	100	
Retention rate	%	100	100	100	100	

TCFD index

Recommended TCFD Disclosure	Comment	Location of Disclosure
Governance		
a) Board's oversight of climate related risks		
Process and frequency of information		Business Conduct, p. 62
Influence on business planning and goals		Business Conduct, p. 62
How the Board assesses progress against goals		Business Conduct, p. 62
b) Management's role in assessing and managing climate-related risks		
Responsibilities for climate-related risks		Business Conduct, p. 62
Description of organization structure		Business Conduct, p. 62
Process of communication		Business Conduct, p. 62
Process for monitoring		Business Conduct, p. 62
Strategy		
a) Near, medium, and long-term climate-related risks		
Description of time horizons	Long-term (mostly) and mid-term (selectively) have been identified	Strategy and Risk Management, p. 69
Specific risks that could be material for each time horizon		Strategy and Risk Management, p. 69
Process to determine material risks		Strategy and Risk Management, p. 69
b) Impact on business, strategy and planning		
Impact on business and strategy		Strategy and Risk Management, p. 69
Impact on financial planning, timing and prioritization		Risk Management, p. 71
How risks are integrated into current decision-making and strategy formulation		Risk Management, p. 71
Describe climate-related strategies	3 external scenarios considered	Scenario Analysis and Climate Resilience, p. 70
c) Resilience of strategy using 2-degree or lower scenarios	Impact on valuation of reserves and resources under different transition scenarios (oil price and carbon pricing)	Scenario Analysis and Climate Resilience, p. 71
Risk Management		
a) Process to assess climate-related risks		
Risk management process		Risk Management, p. 71
Existing and emerging regulatory requirements		Emissions management, p. 42
Process for assessing size and scope of risk		Strategy and Risk Management, Scenario Analysis and Climate Resilience, p. 42–44
b) Process to manage climate-related risks		Risk Management, p. 71
c) Integration of risk process into overall risk management		Business resilience, p. 66–67
Metrics and Targets		
a) Metrics used to assess climate-related risks	GHG emissions, GHG intensity, Energy consumption & intensity Water use & discharge	Performance data, p. 45–46
b) Scope 1 and Scope 2 emissions	Scope 1, 2 and 3 calculated with Equity share and Operational control methods	Performance data, p. 45–46
c) Describe targets used	No routine flaring by 2030	Emissions management, p. 42

GRI index

Statement of use
Tethys Oil AB (publ) has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards and with the use of GRI 1: Foundation 2021 and the applicable GRI Sector Standard GRI 11: Oil and Gas 2021.
AR: Tethys Oil annual Report 2023, RR: Tethys Oil Renumeration Report 2023

GRI standard	Disclosure	Location	Comments	Sector standard ref. no.
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	AR Backcover	A-d) Applicable	
	2-2 Entities included in the organization's sustainability reporting	AR 35	A-d) Applicable	
	2-3 Reporting period, frequency and contact point	AR 35	A-d) Applicable	
	2-4 Restatements of information	AR 35	A) Applicable i. Applicable, ii, Applicable, iii Applicable	
	2-5 External assurance	AR 128–131	A) Applicable b) i. Applicable, ii, Applicable, iii Applicable	
	2-6 Activities, value chain and other business relationships	AR 6	A) Applicable b) i. Applicable, ii, Applicable, iii Applicable c) Applicable d) Applicable	
	2-7 Employees	AR 51–54	A) Applicable b) i. Applicable, ii, Applicable, iii Not applicable iv. Applicable v. Applicable c) i Applicable ii Applicable d) Applicable e) Applicable	
	2-8 Workers who are not employees	AR 51–54, 80–84	Applicable	
	2-9 Governance structure and composition	AR 62–65, 80–84	Applicable	
	2-10 Nomination and selection of the highest governance body	AR 62–64, 80–84	Applicable	
	2-11 Chair of the highest governance body	AR 62–64, 80–84	Applicable	
	2-12 Role of the highest governance body in overseeing the management of impacts	AR 62–64, 80–84	Applicable 2a, 2b i, ii, 2c	
	2-13 Delegation of responsibility for managing impacts	AR 62–64, 80–84	A-b) Applicable	
	2-14 Role of the highest governance body in sustainability reporting	AR 62–64, 80–84	A.b) Applicable	
	2-15 Conflicts of interest	AR 51–52, 80–84	A-b) Applicable	
	2-16 Communication of critical concerns	AR 51–52, 62–64	A-b) Applicable (Whistleblower policy)	
	2-17 Collective knowledge of the highest governance body	AR 62–64, 80–84	A-c) Applicable	
	2-18 Evaluation of the performance of the highest governance body	RR, AR 80–84	A-c) Applicable	
	2-19 Remuneration policies	AR 98–102	A) i. Applicable ii. Applicable partially iii. Applicable iv. Applicable partially v. Applicable b) Applicable	
	2-20 Process to determine remuneration	RR, AR 80–84	A) i. Applicable ii. Applicable partially, iii. Applicable b) Applicable partially	
	2-21 Annual total compensation ratio	RR, AR 80–84	A-c) Applicable	
	2-22 Statement on sustainable development strategy	AR 27,30	A-f) Applicable + corporate policies	
	2-23 Policy commitments	AR 62–63	A-f) Applicable	
	2-24 Embedding policy commitments	AR 62–63	A) Applicable	
	2-25 Processes to remediate negative impacts	AR 38, 85–87	A-d) Applicable	
	2-26 Mechanisms for seeking advice and raising concerns	AR 51–52, 62	A) Applicable	
	2-27 Compliance with laws and regulations	AR 83–84 112–118	A-e Applicable	
	2-28 Membership associations	AR 35	A) Applicable	
	2-29 Approach to stakeholder engagement	AR 36	A) Applicable (Stakeholder Policy)	
	2-30 Collective bargaining agreements	AR 51, 98–102	A) Applicable	

GRI standard	Disclosure	Location	Comments	Sector standard ref. no.
Material topics				
	3-2 List of material topics	AR 41–67	A-b) Applicable	
	3-3 Management of material topics	AR 41–67	A-f) Applicable	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	AR 2–3, 66	A-b) Applicable	11.14.2
	201-2 Financial implications and other risks and opportunities due to climate change	AR 68–71	A) Applicable	11.2.2
	202-2 Proportion of senior management hired from the local community	AR 51–54	A-d) Applicable	11.14.3
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	AR 58–60, 66–67	A-b) Applicable	11.14.5
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	AR 38–40, 62–64	A-b) Applicable (Anti-Corruption Policy)	11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	AR 62–64	B) Applicable e) Applicable	11.20.3
	205-3 Confirmed incidents of corruption and actions taken	AR 62–64	A-e) Applicable	11.20.2
GRI 207: Tax 2019	207-1 Approach to tax	AR 91	A) Applicable	11.21.4
	207-2 Tax governance, control, and risk management	AR 91, 116	A-c) Applicable	11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	AR 38. 85–87	A) Applicable	11.21.6
	207-4 Country-by-country reporting	AR 120	A-c Applicable	11.21.7
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	AR 45	A-g) Applicable	11.1.2
	302-2 Energy consumption outside of the organisation	AR 45	A-c) Applicable	11.1.3
	302-3 Energy intensity	AR 45	A-c) Applicable	11.1.4
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	AR 72	A) Applicable	11.6.2
	303-3 Water withdrawal	AR 72	A-d) Applicable	11.6.4
	303-4 Water discharge	AR 72	A-e) Applicable	11.6.5
	303-5 Water consumption	AR 72	A) Applicable	11.6.6
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	AR 47–49	A) Applicable i. Applicable, ii, Applicable, iii Applicable v. Applicable iv. Applicable	11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	AR 47–49	A) Applicable (Biodiversity Policy)	11.4.3
	304-3 Habitats protected or restored	AR 47–49	A-g Applicable (Biodiversity Policy)	11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	AR 49	A) Applicable i. Applicable, ii, Applicable, iii Applicable v. Applicable iv. Applicable	11.4.5
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	AR 42–46	A-f) Applicable	11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	AR 42–46	A) Applicable	11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	AR 42–46	A) Applicable	11.1.7
	305-4 GHG emissions intensity	AR 42–46	A) Applicable c) Applicable, d) Applicable	11.1.8
	305-5 Reduction of GHG emissions	AR 28, 42–46	A-e) Applicable	11.2.3
GRI 306: Waste 2020	306-3 Waste generated	AR 44, 73	A-b) Applicable	11.5.4
	306-4 Waste diverted from disposal	AR 44, 73	A) Applicable, b-c) Applicable partially	11.5.5
	306-5 Waste directed to disposal	AR 44, 73	A-e) Applicable	11.5.6
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	AR 39–40, 52	A) Applicable	/
	308-2 Negative environmental impacts in the supply chain and actions taken	AR 40, 57	A-c Applicable	/
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	AR 51–54, 73–75	A-b) Applicable	11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	AR 51–54, 73–75	A-b Applicable	11.10.3
	401-3 Parental leave	AR 51–54, 73–75	A-d) Applicable	11.10.4

GRI standard	Disclosure	Location	Comments	Sector standard ref. no.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	AR 39–40, 55–57	A-b) Applicable	11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	AR 38–40 35–37, 51	A-c) Applicable, (HSE Policy)	11.9.3
	403-3 Occupational health services	AR 55–57	A) Applicable, (HSE Policy)	11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	AR 55–57	A-b) Applicable	11.9.5
	403-5 Worker training on occupational health and safety	AR 55–57	A) Applicable, (HSE Policy)	11.9.6
	403-6 Promotion of worker health	AR 55–57	A-b) Applicable, (HSE Policy)	11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	AR 38–40, 55–57	A) Applicable	11.9.8
	403-9 Work-related injuries	AR 55–57	A) Applicable e) Applicable	11.9.10
	403-10 Work-related ill health	AR 55–57	A-e) Applicable	11.9.11
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	AR 54, 56	A) Applicable	11.10.6
	404-3 Percentage of employees receiving regular performance and career development reviews	AR 75	A) Applicable	/
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	AR 51–54, 73–74	A) i Applicabw, ii Applicable, b) i Applicable, ii. Applicable	11.11.5
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	AR 51–54	A-b) Applicable, (Supplier Code of Conduct)	11.11.7
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	AR 51–52	A-b) Applicable	/
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	AR 51–52, 62–63	A-b) Applicable (Human Risk Policy)	11.18.2
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	AR 39–40, 58–60	A) Applicable (Group CSR Policy)	11.15.2

Auditor's report on the statutory sustainability report

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

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 35–79 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Gothenburg, 27 March 2024
PricewaterhouseCoopers AB

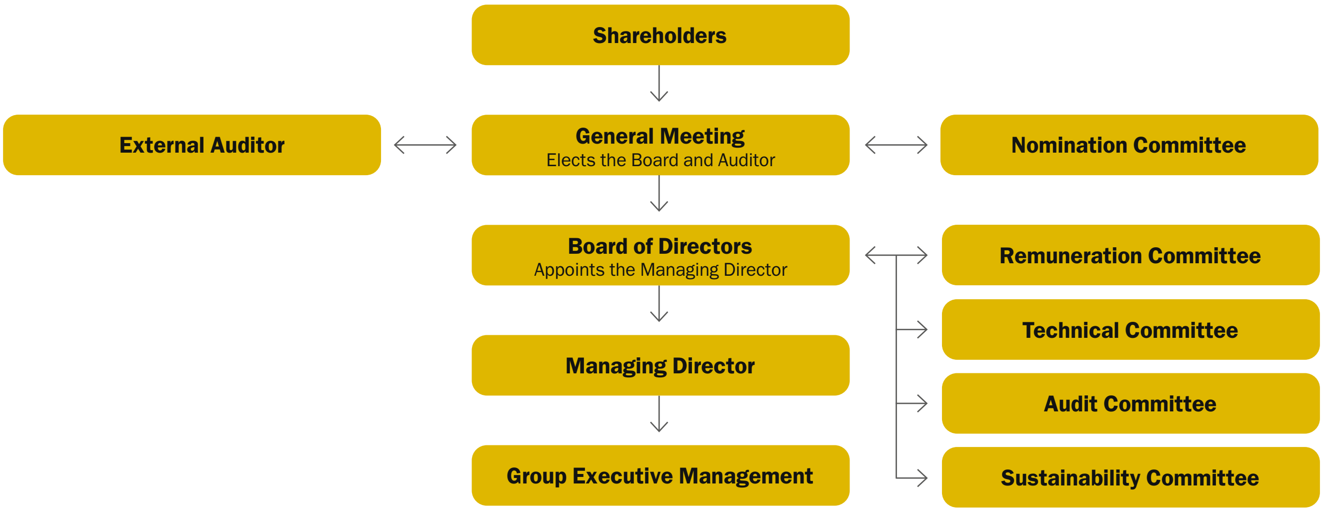
Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Corporate Governance Report 2023

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

This Corporate Governance Report 2023 is submitted in accordance with the Swedish Annual Accounts Act and the Code (the Code is published on www.bolagsstyrning.se). It explains how Tethys Oil has conducted its corporate governance activities during 2023. Tethys Oil does not report any deviations from the Code. The report has been examined by the Company's auditors, please see page 84.



Shareholders
Tethys Oil's shares are listed on Nasdaq Stockholm. Of the total number of shares, foreign shareholders accounted for approximately 53 percent, Lansdowne Partners Austria is the only shareholder with a holding in excess of 10 percent of shares and votes, with a holding of 3,633,699 shares representing 10.9 percent of shares and votes as of 31 December 2023.

Tethys Oil's holding of its own shares amounted to 1,189,901 shares as of 31 December 2023.

For further information on share, share capital development and shareholders, see pages 33–34 and Tethys Oil's website.

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

The AGM 2023 authorised the Board to, on one or several occasions before the AGM 2024, resolve on issues of new shares and/or convertibles against payment in cash, in kind or through set-off or subject to other conditions and with the right to deviate from the shareholders' preferential rights. The purpose of the authorisation and the reason for a possible deviation from the shareholders' preferential rights is to facilitate the raising of capital for acquisitions and the Company's operations.

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

The Annual General Meeting 2024 is scheduled to be held in Stockholm on 15 May 2024 at CEST 15:00. The meeting will be held with the physical presence of shareholders, representatives and authorised third parties.

Nomination process
In accordance with the Nomination Committee process approved by the AGM 2023, the Nomination Committee for the AGM 2024 consists of members appointed by three of the largest shareholders of the Company based on shareholdings

Board of Directors elected at the AGM 2023

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

as per 30 September 2023 and the chairman of the Board. The names of the members of the Nomination Committee were announced and posted on the Company's website on 17 November 2023.

The Nomination Committee for the AGM 2024 consists of the following members:
- Viktor Modigh, Chairman of the Nomination Committee, representing Magnus Nordin;
- Mikael Petersson, representing Lansdowne Partners Austria GmbH;
- Jan Risberg, representing himself; and
- Per Seime, Chairman of Tethys Oil

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

The Nomination Committee report, including the final proposals to the AGM 2024, will be published on the Company's website together with the notice of the AGM.

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

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

Timing and main items for ordinary meetings following AGM

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

The Board and its work

Board composition

The Articles of Association stipulate that the Board of Directors of Tethys Oil shall consist of no less than three and no more than ten Board members with no more than three deputy Board members. Board members and chairman of the Board are elected for a maximum of one year at a time. The Board of Directors of Tethys Oil elected at the AGM 2023 consists of five members and no deputies. Per Seime was elected chair of the Board. Four Board members are independent from the Company and the Company's management, and five Board members are independent from larger shareholders. For further information on the Board members, please see pages 88–89.

The work of the Board of Directors

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

The Board has continued its work related to environmental and sustainability issues and during the year the Board established a Sustainability Committee and adopted new policies to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability. Focus has also been on following up and monitoring the Company's risks. The Board has also devoted substantial time to the Company's development of its operations.

Board of Directors and committee attendance in 2023

Board member	Board	Member Audit Committee	Member Remuneration Committee	Member of Technical Committee	Member of Sustainability Committee	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Technical Committee meetings	Sustainability Committee meetings
Per Seime	Chair	Yes	Yes (Chair)	–	Yes	16/16	5/5	2/2	–	1/1
Klas Brand	Member	Yes (Chair)	–	–	Yes	16/16	5/5		–	1/1
Robert Anderson	Member	–	–	Yes (Chair)	Yes	16/16			5/5	1/1
Alexandra Herger	Member	–	Yes	Yes	Yes (Chair)	16/16		2/2	5/5	1/1
Magnus Nordin	Member	–	–	–	Yes	16/16			–	1/1

Material issues discussed by the Board have been related to the Company's strategy, financing as well as other key matters.

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

Board of Directors and committee attendance in 2023
During 2023, the Board held 16 meetings of which seven were ordinary and nine extraordinary, in person, via telephone or digitally and per capsulam meetings. Attendance at the meetings is shown in the table above. Board secretary was the Company's Chief Legal Officer, Camilla Hansén. Prior to each meeting, Board members were provided with an agenda and written information on the matters to be covered. Each meeting has included the possibility to discuss without management representatives being present.

Remuneration to the Board 2023
Remuneration to be paid to the Board of Directors for the period between the AGM:s of 2023 and 2024 amounts to a total of TSEK 2,095, allocated among the Board members is shown in note 11. Remuneration is not paid for service of the Boards or directors of subsidiaries. Magnus Nordin, who is employed by Tethys Oil, does not receive any remuneration for his service on the Board of Directors. The AGM 2023 resolved on remuneration to the Chairman of the Board of TSEK 720 and TSEK 350 for each member of the Board of Directors, excluding members employed by the Company.

Annual fee for committee members is TSEK 35 per committee assignment and annual fees for the chairman of the Remuneration and Technical Committees are TSEK 65. The annual fee for the chairman of the Audit Committee is TSEK 90 unless the committee is chaired by the Chairman of the Board in which case the annual fee is TSEK 65. No additional fees have been paid for the members and Chairman of the Sustainability Committee as the Committe was established in the autumn of 2023.

Remuneration to Board and Committee members for the period between the AGM:s of 2023 and 2024 (in their capacity as Board members)

	TSEK
Per Seime	820
Robert Anderson	415
Alexandra Herger	420
Magnus Nordin	–
Klas Brand	440
Total	**2,095**

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

Audit Committee
The Board has established an Audit Committee for the period up to and including the AGM 2024, consisting of Klas Brand as Chairman and Per Seime as member of the committee. The work has mainly focused on supervising the Company's financial reporting and assessing the efficiency of the Company's financial internal controls, the primary objective is to provide support to the Board of Directors. The Audit Committee also regularly liaises with the Group's statutory auditors as part of the annual audit process and reviews the audit fees and the auditors' independence and impartiality. The Audit Committee also assists the Nomination Committee with proposals for resolutions on the election and remuneration of the auditor. The Audit Committee reports to the Board, normally in conjunction with the following Board meeting.

Remuneration Committee
The Board has established a Remuneration Committee for the period up to and including the AGM 2024, consisting of Per Seime as Chairman and Alexandra Herger as member of the Committee. The work has mainly focused on preparing the Board's decisions on principles for remuneration to the Manag-

ing Director and Group Executive Management, establishing key performance indicators, monitoring and evaluating variable remuneration and the application of the guidelines for remuneration as well as to construct and propose the share-based incentive programme to the AGM.

The guidelines for remuneration to senior executives were approved by the Annual General Meeting 2023. In order to simplify the variable remuneration components and the measurements there will be a need for minor changes to the remuneration guidelines to be proposed for the AGM in 2024. The remuneration guidelines applied in 2023 and proposed for 2024 is presented in the Administration report on pages 92–103.

Technical Committee
The Board has established a Technical Committee for the period up to and including the AGM 2024, consisting of Robert Anderson as Chairman and Alexandra Herger as a member of the Committee. The work has mainly focused on following up on work programmes, budgets and investment proposals, evaluation of and recommendation on appointment of independent qualified reserve auditor, oversight of the reserves evaluation process, review of operations management systems and technical review of new ventures projects. The Technical Committee reports to the Board, normally in conjunction with the following Board meeting.

Sustainability Committee
In order to manage the increased focus on sustainability matters, the Board has established a Sustainability Committee for the period up to an including the AGM 2024, consisting of all board members and Alexandra Herger as Chairman of the committee. The work has been focused on external reporting, governance, risk analysis and evaluation of the efficiency of the internal controls regarding sustainability matters as well as analysis of stakeholder's expectations.

External auditors of the Company
Statutory auditors
Pursuant to its Articles of Association, Tethys Oil must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the Company's auditor. Tethys Oil's auditor is PricewaterhouseCoopers AB with Johan Malmqvist as lead partner and Sophie Damborg as co-signing auditor. PricewaterhouseCoopers AB was re-elected as the Company's auditor at the AGM 2023. At least once a year, the Board meets the Company's auditor without the Managing Director or any other member of the executive management present. Tethys Oil's auditors reviewed the Company's third quarter and nine months report 2023.

Tethys Oil's auditor: PricewaterhouseCoopers AB

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

Remuneration to the auditors of Tethys Oil is paid in accordance with approved current accounts. In 2023, remuneration to PricewaterhouseCoopers AB amounted to MUSD 0.3 (0.2). For details on remuneration to auditors, see note 9, Auditor's fees.

Independent qualified reserves evaluator
Tethys Oil's independent qualified reserves evaluator annually evaluates Tethys Oil's oil reserves and resources, although such assets are not included in the Company's balance sheet. The independent qualified reserves auditor for the 2023 report was ERC Equipoise Limited ("ERCE"), the same that also evaluated the 2022 report. For further information, see Reserves on page 94.

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

Per the end of 2023 the executive management in Tethys Oil consisted of the Managing Director (Magnus Nordin), CFO (Petter Hjertstedt), CTO (Fredrik Robelius) and CLO (Camilla Hansén). The Board of Directors has adopted an instruction for the Managing Director which clarifies the responsibilities and authority of the Managing Director. According to the instruction, the Managing Director shall provide the Board of Directors with decision data in order to enable the Board to make well founded decisions and with documents to enable it to continually monitor the activities for the year.

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

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

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

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

The Company's finance team has a set of procedures allowing the monitoring of business performance, performing of analyses and following up on budgets, preparations of forecasts, follow up on significant variations between periods etc. The control activities also include following up on, and updating of, the authorisation manual and accounting principles.

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

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

With the Company's current size, operations as well as finance and internal control team, Tethys Oil currently does not consider it necessary to have a dedicated internal audit function. The issue is reviewed recurringly, and the need for a dedicated internal audit function will be reviewed prior to a possible commercialization of Block 56.

Information and communication

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

Monitoring and follow-up

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

Stockholm, 27 March 2024
Tethys Oil AB (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 80–84 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

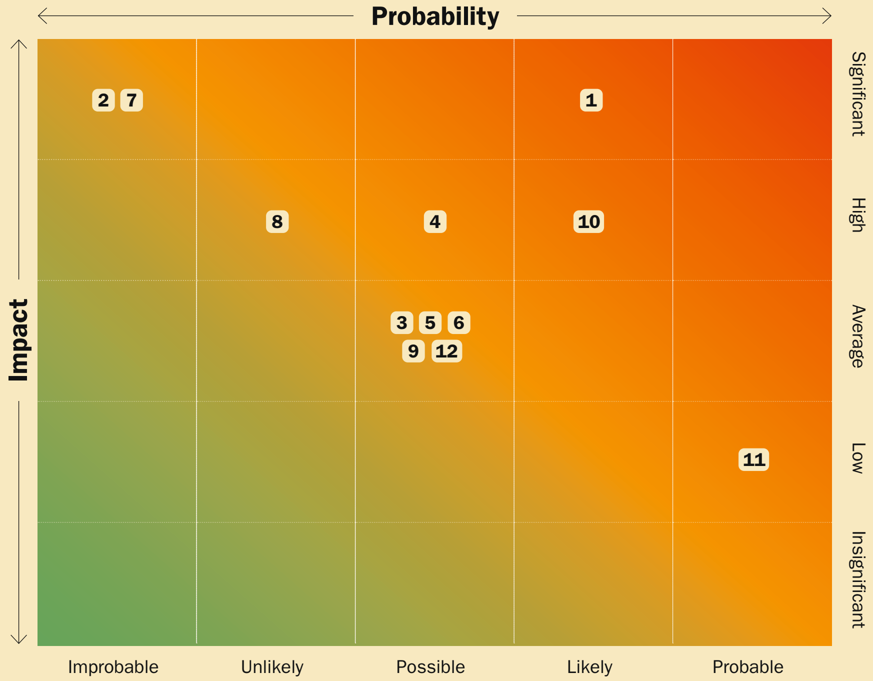
Gothenburg, 27 March 2024
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Risk management

1 Significant oil price drop
2 Political instability
3 Climate change related operational risks
4 Third-party corruption
5 Dependence on key employees
6 Liquidity and refinancing risks
7 Loss of geological data
8 Sanctions on oil importing countries
9 Operational health and safety
10 Production and reserves decline
11 Short-term production disruptions – Blocks 3&4
12 Natural disasters



Tethys Oil is engaged in the exploration, development and production of oil with operations and subsidiaries across Europe and the Middle East and as such, the Group is subject to various risks and uncertainties. These risks and uncertainties stem from Tethys Oil's strategic direction and is an inherent part of the Group's ongoing operations, with each risk carefully weighed against its potential strategic reward. As a part of Tethys Oil's risk management efforts, The Group conducts continuous risk assessments throughout its operational, administrative, financial and sustainability work to identify the most relevant risks to the achievement of its goals. The risks listed below are those considered the most material on a Group-wide level in the 2023 risk assessment, based on their likelihood of realisation and potential impact if realised.

Operational risks

Tethys Oil's operational risks, if realised, directly affect the Group's ability to produce oil in both the short and long terms. The majority of Tethys Oil's oil production occurs on Blocks 3&4, where Tethys Oil is not the operator and as such has less of a direct impact on the day-to-day operations. Tethys Oil's primary role in the EPSA is to perform monthly reviews and follow-ups on strategic choices made by the partner group to minimise the realisation and impact of the risks.

Production and reserves decline

The primary financial value from Tethys Oil's operations stems from the short-term production of oil and the long-term reserves to be used in future production. A decline in production has immediate financial effect as less oil is sold and if the reserve replacement ratio is below production, the longevity of operations is at risk. Oil is a finite resource and decline can occur from normal maturation as well as through active decisions beyond the Group's control taken by the partner group, governments or OPEC+. To mitigate these scenarios Tethys Oil aims at continued investments in a diversified portfolio of production, appraisal and exploration assets. Exploration risks are related to the geological chances of success in encountering hydrocarbons, for the appraisal and development stage uncertainties relating to the quality, quantity, productive capacity of a discovery as well as the costs and technical challenges associated with bringing it to commercial production are the main risks. The main risks of the production phase are the ability to maintain long-term profitable, safe and sustainable production. Tethys Oil has a strategic portfolio of blocks in all phases of the exploration to production cycle, which if successful will allow for increased reserves, resources and future production.

Short-term production disruptions – Blocks 3&4

Short-term production disruption risks on Blocks 3&4 may be realised either as the effect of strategic partner group decisions, other external factors or natural causes. The blocks produce oil from several different fields but with joint oil export infrastructure and depending on where the disruption occurs, the effect may be more or less severe.

Loss of geological data
Tethys Oil's operations is highly dependent on the geological data the Group acquires, primarily through its seismic acquisition programmes. This data is needed for exploration, appraisal, development and production as well as for the possibility to enter farm-out agreements. As such, the secure safekeeping of the geological data is paramount and highly prioritised. Tethys Oil has a system in place which secures the data in both digital and physical format protected against external attacks or incidents.

Operational health and safety
HSE-risks are those risk stemmed from the Group's operations related to the health and safety of people and the negative impact due to accidents. The key aspect to minimise risk realisation and impact is a culture of risk awareness. To foster such a culture, Tethys Oil has implemented a comprehensive HSE-policy framework to be adhered to by all its employees, partners, contractors or other external visitors. For its own operations, the Group is implementing an Operational Management System, based on the industry's best practise system and covering all aspects of its field activities, as well as an Emergency Response Plan and a Crisis Management Plan. The policy framework includes risk assessments for each activity, repeated dry runs and simulated training exercises, third-party-audits and whistle-blower systems as well as the continuous review of policies and practise to ensure that the processes are ever improving.

Dependence on key employees
Tethys Oil is active in advanced and complex industry which is also facing various challenges from the transition to alternative energy sources and as such, the Group is highly dependent on key employees for its successful development. The Group aims to strike an optimal balance between its dependence of key employees and its methods for retaining these employees by providing desirable working environment and remuneration package while also focusing on the continued building of structural capital.

Financial risks
Additional information on Tethys Oil's financial risks is presented in note 1 on page 117.

Significant oil price drop
Tethys Oil is highly dependent on the oil price levels for its revenues, its ability to generate cash flow for operations, growth and returns as well as the fair value of its assets. Over time, the oil price is subject to large fluctuations with a variety of underlaying factors, few of which Tethys Oil has any control over, such as the economic conditions of key markets in the global economy and the Group's ability to access such markets. Should the oil price drop significantly, there is a risk that oil production may no longer be profitable.

Tethys Oil diligently monitors market development and has an adaptable expenditure strategy and a strong financial resilience that allows for flexibility and lower cash outflows. Tethys Oil's has a flexible approach towards oil price hedging, based on an assessment of the benefits of the hedge contract in specific circumstances. Based on analysis of the circumstances Tethys Oil assess the benefits of forward hedging sales contracts for the purpose of establishing a secured cash flow.

Net result in financial statements (MUSD)	-16.5	-16.5
Shift in oil price (USD/barrel)	+5	-5
Total effect on net result (MUSD)	**8.4**	**-8.4**

Liquidity and refinancing risks
The risk that the Group will not be able to meet its financial obligations or secure short- and long-term funding of its current and future operations. Tethys Oil is operating in several countries and exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, US dollars. Furthermore, Tethys Oil has since inception been equity and debt financed through share and bond issues, bank loans and financed by asset divestment. Additional capital could be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need could occur during less favourable market conditions. Tethys Oil continuously works to ensure that sufficient cash balances are maintained in order to cover day to day operations, both through the management of the Group's cash flows as well as securing external debt when needed. Management relies on forecasting to assess Tethys Oil's cash position based on expected future cash flows. All financial liabilities of the Group as at end of 2023 and 2022 are fall due within 12 months.

External risks
The most material external risks Tethys Oil faces are those whose realisation the Group has little control over. The Group, alongside its partners, monitors environmental, market, political and regulatory developments diligently to allow for early warnings and to take adapted strategy actions accordingly.

Third-party corruption
In its operations, Tethys Oil is highly dependent on third-party contractors and operators, which carries the risk of Tethys Oil being held responsible for the corrupt actions of third-party actors. Such corruption can come in various forms, such as bribery, and could have a material effect on the Group's operations, reputation or financial stability. Tethys Oil has a zero-tolerance of corruption and has implemented a stringent policy framework, including an anonymous Whistleblowing system, as well as legal oversight and know your customer process regarding major third-party transactions and agreements. As Tethys Oil has a good standing and knowledge of its core operational geographical areas, the Group works primarily with well-known contractors and operators with whom it has long-standing relations.

Sanctions on oil importing countries
The oil sold by Tethys Oil primarily has its end-customers in one country, China, and as such the Group's revenues are highly dependent on that its oil can reach its markets. Should any oil importing sanctions be put in place on China by international or national regulators and impair Tethys Oil's ability to sell its

produced oil to the country, the Group must be ready to alongside its partners shift is targeted market.

Political instability

Tethys Oil's primary source of revenues is the Group's oil sales generated through its interests in EPSA:s in the Sultanate of Oman. These agreements have negotiated expiry dates with options for extension granted by the state and the operations often requires local permits. As such the political stability is paramount and diligently monitored by the Group's management when considering possible and current project. Tethys Oil's principal approaches to deal with this risk are assets diversification, emphasis on continuous close dialogue with host country authorities and interest groups, nationally and locally. One of the key strategic reasons that Tethys Oil is active in Oman is that the country has a long history of proven political stability even during tumultuous periods in neighbouring countries.

Climate change related operational risks

As an effect of increasing stakeholder awareness and concern regarding climate change, Tethys Oil faces increased material climate changes related risk to its operations. These risks include increased regulation, decreased demand for oil and gas as well as sector divestment from major financial investors. By reporting its environmental impact in a transparent way, using methods from GHG protocol and TCFD, and joining industry initiatives to reduce its emissions, the Group mitigates the risks. Currently, Tethys Oil primary GHG emission reduction project is the implementation of the Gas-to-Power plant on Blocks 3&4. The Group has also introduced a KPI of carbon intensity for the Executive Management and incorporates carbon pricing assumptions in internal valuation for all existing and potential future projects.

Natural disasters

Natural disasters include extreme weather such as heavy raining, flooding, lighting, dust storms and high temperatures disrupting the operations, harming people, causing damage to infrastructure and equipment and financial damage. The damages from severe weather conditions have often taken extended periods of time to correct once occurred and as such, Tethys Oil's focus is on early warning systems, forecasting and damage prevention. The Group, and its contractors and partners, has a well-tested emergency response and crisis management plan and keeps close contact with governmental bodies and agencies to synchronise efforts when needed.

Board of Directors



	Per Seime	Rob Anderson	Klas Brand
Function	Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee and Sustainability Committee	Board member, Chairman of the Technical Committee and member of the Sustainability Committee	Board member, Chairman of the Audit Committee and member of the Sustainability Committee
Elected	2017	2017	2020
Year of birth	1946	1953	1956
Nationality	Norway	United Kingdom	Sweden
Education/background	Master of Law, University of Oslo. Master of Comparative Law, University of Chicago Law School. Norwegian School of Economic (NHH) Executive Board Programme.	MA Engineering, Christ's College, Cambridge University. Chartered Engineer & Fellow of the Institution of Mechanical Engineers.	Bachelor's Degree in Business Administration and Economics, Gothenburg University
Experience	Oil and gas lawyer with more than 30 years' experience. Lawyer for Mobil Oil (Norway, USA and Indonesia). Previously chair of the board of Premier Oil Norge and Nexen Exploration Norge.	VP Projects & Engineering at TNK-BP, Head of Projects at BP. Engineer with deep experience in oil installations and major oil and gas field developments.	Former Authorised Public Accountant and partner at PwC's Assurance practice in Gothenburg, Sweden. Consultant to listed and private companies within e.g. internal controls and financial reporting.
Other board duties	–	–	Board member of Göta Par Bricole, Gothenburg, Board member of 1BC3 Brand AB.
Shares in Tethys Oil (per 31 December 2023)[1]	7,000	–	10,000
Warrants in Tethys Oil (per 31 December 2023)[1]	–	–	–
Board and committe remuneration (MSEK)[2]	0.820	0.415	0.440
Independent in relation to the Company	Yes	Yes	Yes
Independent in relation to the Company's larger shareholders	Yes	Yes	Yes

[1] Privately or via company
[2] Resolved upon at the AGM 2023


	Alexandra Herger	**Magnus Nordin**
Function	Board member, Chairwomen of the Sustainability Committee and member of the Remuneration and Technical Committees	Board member, Managing Director and member of the Sustainability Committee
Elected	2017	2001
Year of birth	1957	1956
Nationality	United States	Sweden
Education/background	BA Geology, Ohio Wesleyan University and Master studies Geology, University of Houston.	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles.
Experience	VP Global Exploration at Marathon Oil, executive positions at Shell and Enterprise Oil.	Several executive positions in different oil companies.
Other board duties	Board member: Panoro Energy ASA, and Tortoise Capital Advisors Member: Women's Leadership Committee, Oil Council and Leadership Texas, Foundation for women's resources, member of the PGS ASA's Nomination Committee.	Board member: Minotaurus AB, including subsidiaries, and Minotaurus Energi AS.
Shares in Tethys Oil (per 31 December 2023)[1]	–	1,555,427
Warrants in Tethys Oil (per 31 December 2023)[1]	–	2021/24: 60,000 2022/25: 60,000 2023/26: 70,000
Board and committe remuneration (MSEK)[2]	0.420	–
Independent in relation to the Company	Yes	No
Independent in relation to the Company's larger shareholders	Yes	Yes

[1] Privately or via company
[2] Resolved upon at the AGM 2023

Executive management

	Magnus Nordin	**Petter Hjertstedt**
Function	Board member and Managing Director	Chief Financial Officer
Employed since	2004	2016
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles	Finance and accounting at Linköping University, Sweden
Year of birth	1956	1979
Nationality	Sweden	Sweden
Experience	Several executive positions in different oil companies	Equity research analyst at SEB, Pareto Securities and Carnegie Investment Bank. Finance and Investor Relations at PA Resources
Shares in Tethys Oil (per 31 December 2023)*	1,555,427	12,325
Warrants in Tethys Oil (per 31 December 2023)	2021/24: 60,000 2022/25: 60,000 2023/26: 70,000	2021/24: 50,000 2022/25: 50,000 2023/26: 60,000

	Camilla Hansén	**Fredrik Robelius**
Function	Chief Legal Officer and Head of Business Support	Chief Technical Officer
Employed since	2022	2011
Education/background	Master of Laws (LL.M.) and business administration Stockholm University, Sweden	Education: PhD Engineering Physics, Uppsala University; Postgraduate Diploma Petroleum Engineering, Heriot-Watt University
Year of birth	1976	1973
Nationality	Sweden	Sweden
Experience	Associate at Linklaters Advokatbyrå. Head of M&A Legal at Nordea Bank Abp	Energy engineering positions in Fortum, petroleum engineering related positions in Tanganyika Oil and Sinopec
Shares in Tethys Oil (per 31 December 2023)*	–	15,742
Warrants in Tethys Oil (per 31 December 2023)	2023/26: 60,000	2021/24: 50,000 2022/25: 50,000 2023/26: 60,000

* Privately, via company or insurance policy

Payments to authorities 2023

This report has been prepared in accordance with the law SFS 2015:812 (Lag 2015:812 om rapportering av betalningar till myndigheter) regarding payments to authorities. The reported amounts refer to direct payments in excess of the threshold amount of SEK 860,000 as well as production sharing and income taxes for the fiscal year 2023 for the group in which Tethys Oil AB (publ) ("Tethys Oil") is the parent company.

Per project

Project	Production sharing		Income taxes	Licence costs	Total
	Barrels ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Oman					
Blocks 3&4	1,545	90,435	36,672	–	127,107
Block 49	–	–	–	–	0
Block 56	30	1,409	936	250	2,595
Block 58	–	–	–	350	350
Total Oman	**1,575**	**91,844**	**37,608**	**600**	**130,052**
Gibraltar	–	–	763	–	763
Total Gibraltar	**–**	**–**	**763**	**–**	**763**
Total Tethys Oil	**1,575**	**91,844**	**38,371**	**600**	**130,815**

Per Authority

	Production sharing		Income taxes	License costs	Total
	Barrels ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Sultanate of Oman – Ministry of Energy and Minerals	1,575	91,844	–	200	92,044
Sultanate of Oman – Ministry of Finance	–	–	37,608	400	38,008
Total Oman	**1,575**	**91,844**	**37,608**	**600**	**130,052**
Gibraltar – Income Tax Office	–	–	763	–	763
Total Gibraltar	**–**	**–**	**763**	**–**	**763**
Total Tethys Oil	**1,575**	**91,844**	**38,371**	**600**	**130,815**

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

Income Tax
Tethys Oil's oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement for each block ("EPSA") whereby Tethys Oil receives its share of oil after government take. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil, from the government share of oil. 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 2023 is MUSD 37.6 (MUSD 59.5) of which MUSD 36.7 (MUSD 59.5) is related to Blocks 3&4 and MUSD 0.9 (MUSD -) to Block 56. For more information, please see note 14.

Local income generated in Tethys Oil's Gibraltar subsidiaries are subject to Gibraltar taxes. Payments made in 2023 relate to income tax and advance payment of income tax.

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

Administration report

The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil" or the "Group") as it is described in note 18, where Tethys Oil AB (publ) (the "Company") with company registration number 556615-8266 is the parent company, are hereby presented for the twelve-month period ended on 31 December 2023. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period.

The Group's operations

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

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

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

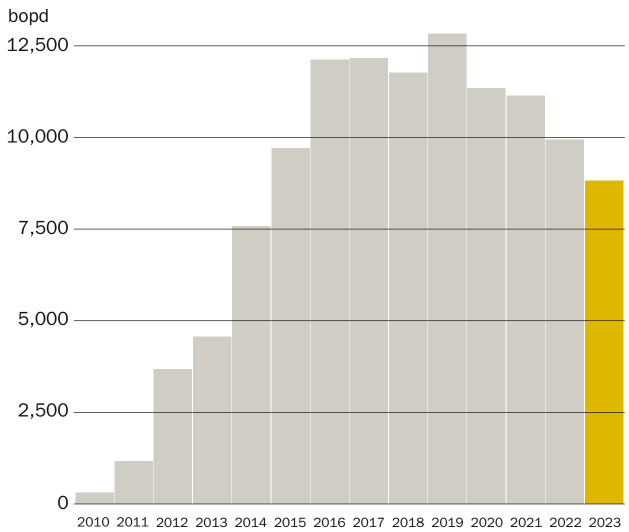
1 The initial exploration phase of the EPSA for Block 49 expired on 31 December 2023 and Tethys Oil is in discussion with the Ministry of Energy and Minerals regarding the possibility of an extension.
2 The one-year extension of the second exploration phase of Block 56 was approved on 17 August 2023.

Operational review

Production

The Group's reported production comes from Blocks 3&4 in Oman which averaged 8,818 barrels per day in 2023 compared to 9,940 barrels per day in 2022. Reported production declined by 11 percent in 2023 compared to the year before and amounted to 3.2 million barrels (3.6 million barrels). The principal reasons for the lower production were, in particular, weaker performance from certain key wells, lower than expected output from certain newly drilled development wells as well as constraints in the performance of processing facilities, particularly the facilities related to water handling, and flow lines. To counter these negative factors, the operator focused on production assurance initiatives and asset integrity projects, including workovers and the installation of new pumps, in 2023. These initiatives, aimed at reducing unscheduled productions stops and outages, resulted in improved production stability. In parallel, the number of new wells drilled on Blocks 3&4 in 2023 increased to 40 from 36 in 2022, of which 29 were development wells. As an effect of the activities over the year, the production stabilised by the latter parts of 2023. The focus on production integrity and stability will continue as a part of the work programme 2024, including the drilling of 40 wells of which 18 will be development wells.

Average daily production net to Tethys Oil, yearly



Exploration and appraisal operations per Block

Blocks 3&4

Four exploration wells were drilled on Blocks 3&4 in 2023, Elaf- 1, Jari-1, Rahbah-1, and Raghad-1, an increase from two wells in 2022.

Three of the exploration wells were drilled in the first quarter 2023, Elaf-1, Rahbah-1 and Jari-1. Elaf-1, located some eight kilometres northwest of Ulfa-1, targeted the Khufai and Buah formations while Rahbah-1 is located about seven kilometres southeast of the Ulfa field, where it targeted the Khufai, Buah and Barik formations. In the southern part of Block 4, Jari-1 targeted a Cryogenian age formation near where the Luja-1 well was drilled and confirmed the presence of a working petroleum system in 2019. The drilling of Jari-1 and Rahbah-1 was completed during the second quarter, and both flowed light hydrocarbons to surface. Subsequent analysis of Elaf-1 also resulted in hydrocarbons flows during testing. In the case of Elaf-1 and Rahbah-1 the flows consisted of gas and condensates, and as such are not considered viable for commercial development. They are, however, slated for inclusion in a later phase of the Gas-to-Power project. Following a comprehensive testing programme Jari-1 was deemed a technical discovery, but the estimated recoverable volumes and flow rates were considered insufficient for a development on a stand-alone basis. During the fourth quarter 2023, the fourth and final exploration well of the year, Raghad-1, was drilled as a dry well as the well logs indicated no presence of hydrocarbons. Further work is ongoing to integrate the results into the overall geological model for Blocks 3&4. Exploration costs of MUSD 6.3 was recognised in the fourth quarter as the exploration wells upon completion were deemed to be non-commercial.

In addition to the exploration wells, seven appraisal wells were drilled during the year.

In 2019 the Blocks 3&4 partnership committed to a multi-year programme to acquire high quality 3D seismic over the most potentially prospective areas of the Blocks. During 2023 seismic acquisition was focused on the southern part of Block 4 where an area comprising 6,200 km^2 was surveyed. The programme is expected to conclude in the middle of 2024.

Exploration and appraisal activities in 2024 will include the completion of the seismic acquisition programme as well as the drilling of three exploration wells in addition to 19 planned appraisal wells.

Block 49

The focus of the work programme for Block 49 in 2023 was to re-enter and re-test the Thameen-1 well that was drilled in 2021. In the first quarter 2023, the focus lay on planning a tendering for an integrated service contract to provide re-entry, frack and test operations. The tendering continued during the following quarters of the year, with no available alternatives being seen as sufficiently commercially attractive. A more detailed timeline on the block will be presented once the evaluation of the tender is completed.

The logs from Thameen-1 indicated a more than 30-metre-thick hydrocarbon bearing zone in the Hasirah sandstone formation. When tested, however, no flows of hydrocarbon to surface were achieved. Subsequent analysis of, among others, samples of the reservoir rock obtained from side wall cores suggest that the Hasirah reservoir rock is tight and virtually impermeable despite having good porosity. Further studies suggest that hydrocarbons could flow if the reservoir rock is artificially fractured. Successfully flowing hydrocarbons to surface through this operation would turn the inconclusive Thameen-1 well into a discovery and thus determine the Company's further course of action in relation to a second exploration phase.

The initial exploration phase of the EPSA for Block 49 expired on 31 December 2023 and Tethys Oil is in discussions with the Ministry of Energy and minerals regarding the possibility of an extension. The discussions mainly concern whether the continued work should be within the framework of the first or second exploration phase.

Block 56

The focus on Block 56 for 2023 was primarily focused on the evaluation of the Al Jumd discovery in the form of an extended well test ("EWT") in the second and third quarter as well as the exploration drilling in the central part of the Eastern Flank area along the border of Block 6.

The EWT commenced in April and continued until the end of September 2023, with the aim of establishing the production capability and the resource base of the Al Jumd discovery. The fiscal meter necessary to be able to export oil through the production facility Simsim on PDO's Block 6 was approved and commissioned during the first quarter 2023, allowing for oil to be exported at the end of March. The re-opening of Al Jumd-2 in April marked the start of the EWT, with Al Jumd-3 and Al Jumd-4 following in May. All wells 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. Al Jumd-2 and Al Jumd-3 produced continuously during the third and fourth quarters of 2023 while Al Jumd-4 was shut in for workovers and recompletion during the second quarter.

The EWT successfully concluded at the end of September 2023, in line with the agreement with the Ministry of Energy and Minerals ("MEM") and provided the Block 56 partnership with vital production data, increased the understanding of the Al Khlata formation and derisked the play concept in the Eastern Flank area of Block 56. The data is being incorporated into the ongoing field development planning.

In total, 60,369 barrels of oil were lifted as a part of the Al Jumd EWT, including the governments share. The total proceeds from the liftings amounted to MUSD 4.7 (gross from field, shared with governments and partners). During the EWT, Tethys Oil has handled the oil sales on behalf of the partners and government splitting the proceeds in accordance with a provisional formula of 75/25 to the government. Tethys Oil has received 65 percent of the contractor share of the production and lifting proceeds.

During 2023, the processing of the 3D seismic data, which was acquired in 2022, was completed and interpretation could commence. In December the Menna-1 exploration well was drilled on one of the prospects identified on the new seismic. Menna-1 will, alongside Sarha-3, be tested in early 2024. A full prospect and lead inventory for the Eastern Flank area is expected to be finalised in the first quarter of 2024. With the inventory in place and based on the results of the performed well tests, Tethys Oil aims to finalise a field development plan and bring the block to commercialisation in 2024.

In August 2023, Tethys Oil applied for an extension of the current, second, exploration period. A one-year extension was granted by the MEM to allow for continued drilling and evaluation of the Block. The second exploration phase will expire on 28 December 2024.

Block 58

In early 2023, Tethys Oil finalised the prospect inventory for the Fahd area in Block 58's north-eastern corner. The area has a total unrisked prospective resource potential of 184 mmbo split between three identified prospects, of which the most promising was the Fahd South prospect. In May 2023, the South Fahd prospect was selected to be the first target for exploration drilling on the block and the following well-pick meeting with the MEM resulted in the approval of the prospect and the drilling location. The South Fahd prospect was named Kunooz ("Gift") and as per the end of 2023 evaluation of tenders for drilling services was ongoing. The drilling of Kunooz-1 is expected to commence in the first half of 2024.

In the South Lahan area, in Block 58's central-eastern part, the work was focused on completing the processing and interpretation of the 450 km^2 3D seismic data collected in 2022. During the fourth quarter, the processing and interpretation of said data was completed and yielded the identification of several drillable prospects. The complete prospect portfolio for South Lahan will be peer reviewed in early 2024.

In the interest of balancing portfolio commitments and risks, as well as creating a technically strong partnership to realise the potential of the block, Tethys Oil initiated a process to explore the possibility of farming out a portion of the interest in the EPSA for Block 58. In the latter parts of the year and during early 2024, constructive discussions were ongoing with a select group of companies which could result in a farmout of Tethys Oil's interest share in the EPSA.

Reserves and contingent resources

Oman, Blocks 3&4

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

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

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

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

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

Development of reserves, Blocks 3&4 (working interest)

mbo	1P	2P	3P
Total 31 December 2022	14,040	23,901	36,211
Production 2023	-3,219	-3,219	-3,219
Additions and revisions	1,523	1,016	3,357
Total 31 December 2023	**12,344**	**21,698**	**36,349**
Reserve replacement ratio, %	47%	32%	104%

Contingent resources Blocks 3&4 (working interest)

mbo	1C	2C	3C
Total 31 December 2023	**5,356**	**15,529**	**32,994**

Full year 2024 production guidance
Tethys Oil expects the full year average production from Blocks 3&4 to be between 8,200 ± 400 barrels of oil per day. The production of the first quarter 2024 will be affected by a planned maintenance of the Saiwan East production facility for a period of nine days.

Operating expenditure
Tethys Oil expects the average operating expenditure to be approximately USD 17.5 per barrel for the full year 2024. Due to increased costs related to the ramp up of the Gas-to-Power project opex is expected to be above the full year average of 17.5 barrel during the first half of 2024 and to decline to a level below the full year average in the second half of the year.

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

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

Financial review

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

During 2023 not all recoverable cost incurred on Blocks 3&4 were recovered from production with the unrecovered cost being carried forward in the Cost Pool for the Blocks. Net entitlement share for 2023 was 52 percent (46 percent) of production. As per 31 December 2023 Tethys Oil's net share of the cost pool balance was MUSD 22.2 (–).

Revenue and sales
Mitsui Energy Trading (Singapore), a subsidiary of Mitsui & Co Ltd, markets and sells all of Tethys Oil's oil entitlement, the majority of which originates from Blocks 3&4. Oil is lifted and sold on a monthly basis in accordance with the official procedure. The oil is priced based on the Official Selling Price (OSP) as set by the Sultanate of Oman's Ministry of Energy and Minerals, in addition to trading premiums and quality adjustments. The OSP is calculated using the monthly average price of the front month future contract of Oman Export blend (with 2 months to delivery) as traded on the Dubai Mercantile Exchange (DME).

Volumes for oil sales are nominated two to three months in advance and are not based upon the actual production in a month; as a result, sales volumes can deviate from actual production volumes in the period. Where the sales volume exceeds the quantity of barrels produced, an overlift position occurs and where it is less, an underlift position occurs. During the year, the Group's underlift position of 66,961 barrels at the end of 2022 decreased to 5,620 barrels at the 31 December 2023. The valuation of both over and underlift is based on market price at the balance sheet date.

During 2023 Tethys Oil performed an extended well test (EWT) on Block 56. The production terms were not commercial and thus ordinary production sharing terms are not applied resulting in a lower entitlement to contractors. Tethys Oil's net entitlement from the extended well test was 9,879 barrels with a remaining underlift position at the end of the extended well test of 68 barrels. These barrels can be sold should production resume.

Revenue and other income

	2023	2022	2021	2020	2019
Oil sold, bbl	1,735,025	1,585,534	1,808,857	2,317,875	2,259,849
Underlift (overlift) movement, bbl	-61,340	78,829	-8,717	-160,490	123,238
Net barrels produced, after government take, bbl[1]	**1,673,685**	**1,664,363**	**1,800,140**	**2,157,385**	**2,383,086**
Achieved oil price, USD/bbl	82.4	94,2	62.8	47.7	64.2
Revenue, MUSD	143.0	149.4	113.5	110.7	145.0
Underlift (overlift) adjustments, MUSD	-5.6	7.1	-0.8	-9.6	5.8
EWT	0.8	–	–	–	–
Revenue and other income, MUSD	**138.2**	**156.5**	**112.7**	**101.1**	**150.8**

[1] Does not include the oil sold or the Underlift (overlift) movement from the EWT.

During 2023, Tethys Oil sold 1,735,025 barrels of oil from Blocks 3&4, representing a 9 percent increase compared to 2022 when 1,585,534 barrels of oil were sold. The increase in oil sale volume has reduced the underlift position from the end of 2022.

Revenue from oil sales in 2023 was MUSD 143.0 (149.4), a 4 percent decrease compared to 2022. The decrease in revenue was driven by a 13 percent decrease in Achieved oil price, offsetting the higher sales volumes. Achieved oil price was USD 82.4 per barrel (94.2).

The decrease of the underlift position to 5,620 barrels at the end of 2023 from 66,961 barrels at the end of 2022, and a decrease in the oil price resulted in an overlift adjustment of MUSD -5.6 (7.1).

From the extended well test 9,812 barrels were sold at an Achieved oil price of USD 78.3 per barrel amounting to MUSD 0.8.

The Revenue and the Underlift (overlift) adjustment, together with the EWT, add up to Revenue and other income of MUSD 138.2, a 12 percent decrease in 2023 compared to MUSD 156.5 in 2022.

Operating expenses

	2023	2022	2021	2020	2019
Production costs, MUSD	37.4	33.5	31.0	29.6	37.1
Well workovers, MUSD	6.3	5.0	2.9	3.1	4.1
Operator G&A and overhead expenses	11.5	11.6	9.9	10.7	10.4
Total operating expenses producing assets, MUSD	**55.1**	**50.1**	**43.8**	**43.4**	**51.6**
Operating expenses extended well test Block 56, MUSD	1.3	–	–	–	–
Total operating expenses, MUSD	**56.4**	**50.1**	**43.8**	**43.4**	**51.6**
Operating expenses per barrel, USD	17.1	13.8	10.8	10.5	11.0

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

Production costs, well workovers and operator G&A together comprise operating expenses producing assets, amounting to MUSD 55.1 in 2023 (50.1), an increase of 10 percent compared to 2022. The increase is mainly due to higher fuel consumption and costs in addition to more expensive well workovers driven by limited availability of suitable workover rigs.

Operating expenses for the extended well test include primarily the cost of leased production facilities, staff costs, transportation and processing fees as well as tariffs, amounting to MUSD 1.3 in 2023 (–).

Depletion, depreciation and amortisation

	2023	2022	2021	2020	2019
DD&A, MUSD	42.0	40.5	41.2	44.5	47.6
DD&A per barrel, USD	13.1	11.2	10.1	10.7	10.2

Depletion, depreciation and amortisation ("DD&A") comprised of two components: a straight-line depreciation component and a unit of production component. DD&A in 2023 amounted to MUSD 42.0 (40.5). The higher DD&A is a result of the unit of production component increasing following the lower reserves at the end of 2022. The DD&A charge relates to Blocks 3&4 and a depreciation relating to right-of-use assets of MUSD 0.3.

Impairment

An impairment test was performed of the carrying value of Tethys Oil's interest in Blocks 3&4 as of 31 December 2023. The impairment test resulted in a net present value of MUSD 190.0 compared to a carrying value of MUSD 226.9 and thus resulted in a MUSD 36.9 (–) impairment charge in the income statement. The impairment charge had no cash or tax impact.

Exploration Costs

Exploration costs recorded in 2023 were MUSD 6.4 (4.5) and are related to the write down of four uneconomic exploration wells on Blocks 3&4, Jari-1, Elaf-1, Ragbah-1, and Raghad-1. Exploration and appraisal expenditures are capitalised as they incur and subject to regular review. Dry or uneconomic wells are expensed when the recoverability of the costs is deemed unlikely.

Administrative expenses

Administrative expenses amounted to MUSD 8.3 for 2023 compared to MUSD 7.3 during 2022. Administrative expenses are mainly salaries, rents, listing costs and external services.

Net financial result

The net financial result for 2023 of MUSD -4.4 (4.7) has been impacted by net gain due to changes in foreign exchange rates resulting from the strengthening of SEK against USD. Translation differences on loans between the parent company and subsidiaries have no effect on cash flows.

Tax

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

Currently Blocks 3&4 is the only Omani EPSA in a tax paying position. As the final amount of income tax is determined after the end of the calendar year, Tethys Oil's preliminary assessment of the amount of Omani income tax paid on behalf of Tethys Oil in 2023 is MUSD 36.7 (59.5). Income tax of MUSD 0.5 (0.6) related to Tethys Oil's income in Gibraltar was recorded in the income statement. Note 14 presents more information on the treatment of Tethys Oil's income tax.

Result

Tethys Oil reports a net result after tax for 2023 of MUSD -16.5 (58.3), representing earnings per share before dilution of USD -0.51 (1.79). The result for 2023 decreased compared to 2022 due to the aforementioned combination of lower production and achieved oil price and the impairment of Blocks 3&4.

Liquidity and financing

Cash and cash equivalents as per 31 December 2023 amounted to MUSD 25.8 compared to MUSD 41.5 as per 31 December 2022.

In November 2023, a dividend of SEK 2.00 per share was paid to shareholders, which in total amounted to MUSD 6.1. Additionally SEK 3.00 was distributed to shareholders through a mandatory share redemption programme, which in total amounted to MUSD 9.0. Total distribution to shareholders amounted to MUSD 15.1 (22.8).

For the twelve months ended 31 December 2023, the cash flow from operations amounted to MUSD 82.7 (87.0). Cash flows from investments in oil and gas amounted to MUSD -81.7 (-89.1). For the twelve months of 2023, free cash flow (cash flow from operations less investments) amounted to MUSD 0.8 (-2.3).

Tethys Oil's ongoing operations and work programmes on Blocks 3&4, Block 49, Block 56, and Block 58 in Oman are expected to be funded by cash, cash flow from operations and external borrowing.

Investments and work programme

During 2023, total investments in oil and gas properties amounted to MUSD 81.7 compared to MUSD 89.1 in 2022. In 2023, investments of MUSD 75.2 related to Blocks 3&4, MUSD 0.5 to Block 49, MUSD 3.7 to Block 56 and MUSD 2.2 to Block 58. The total decreased investment is mainly a result of fewer wells being drilled on Block 56. The investments in Blocks 3&4 increased due to a more extensive drilling programme for Exploration and Appraisal wells. In addition, there was a larger seismic programme and new investments in the Gas-to-Power project.

Country/Asset, MUSD	Book value 31 Dec 2023	Investments Jan–Dec 2023	Book value 31 Dec 2022	Investments Jan–Dec 2022
Oman Blocks 3&4	190.0	75.2	198.5	63.4
Oman Block 49	1.2	0.5	0.6	0.4
Oman Block 56	43.4	3.7	38.9	23.9
Oman Block 58	10.2	2.2	8.0	1.4
New ventures	0.0	0.0	0.1	–
Total	**244.8**	**81.7**	**246.1**	**89.1**

Investments Blocks 3&4, MUSD	2023	2022	2021	2020	2019
Drilling	35.8	30.1	17.6	19.4	25.0
G&G	17.1	13.4	4.1	9.2	10.1
Facilities	22.3	19.9	8.7	10.2	18.9
Total investments Blocks 3&4	**75.2**	**63.4**	**30.4**	**38.8**	**54.0**

Investments and work programme 2024

Tethys Oil's investments in oil and gas properties for 2024 is expected to amount to MUSD 90–94 compared to MUSD 81.7 in 2023. The increase in oil and gas investments is a result of more extensive work programmes on Blocks 56 and 58 including the drilling of three exploration wells.

Investments on Blocks 3&4 are expected to be MUSD 63–67 (2023: MUSD 75.2). The decrease in investment is due to lower spending on the drilling and seismic programmes. The 2024 drilling programme contains the same number of wells as were drilled in 2023, but with the emphasis on appraisal wells, which are less costly to drill compared to exploration wells. In 2024 the final areas to be covered in the five-year seismic programme will be completed.

2024 investments on Block 49 is expected to be MUSD 0.5 (2023: MUSD 0.5).

On Block 56, Tethys Oil's 2024 investments, is expected to amount to a total of MUSD 7.5 (2023: MUSD 3.7). The expenditure includes one exploration well in the Central area.

On Block 58 Tethys Oil's 2024 investments are expected to amount to MUSD 18.5 (2023: MUSD 2.2) which relates to the drilling of two exploration wells.

Netback

USD/bbl	2023	2022	2021	2020	2019
Netback Blocks 3&4					
Value of oil produced (Average OSP)	82.3	95.3	64.1	47.2	63.6
Government take	-39.5	-51.6	-35.7	-22.7	-31.3
Entitlement value (after government take)	42.8	43.7	28.4	24.6	32.4
Operating expenses	-17.1	-13.8	-10.8	-10.5	-11.0
Netback	25.6	29.9	17.6	14.1	21.4
Capex	-23.4	-17.5	-7.5	-9.4	-11.5
Netback (Net of Capex)	2.3	12.4	10.1	4.7	9.8

The decrease in Netback is a result of the decreased oil price. The Netback (net of Capex) decreased further as a result of increased capital expenditure.

Parent company
The parent company reports a net result after tax for 2023 amounting to MSEK 592.9 compared to MSEK 294.2 for 2022. Administrative expenses amounted to MSEK 64.4 for 2023 compared to MSEK 49.7 for 2022. Net financial result amounted to MSEK 638.6 during 2023 compared to MSEK 327.9 for 2022. Dividends from subsidiaries amounting to MSEK 584.5 and currency exchange differences related to intercompany loans were the components of the net financial result.

During 2023 Tethys Oil restructured its holding of certain group companies and transferred the holding of intercompany loans from the parent company to a wholly owned subsidiary that became an internal treasury company. As such, the parent company's long-term receivables from the subsidiaries have been converted into shares in subsidiaries.

Other information

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

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

The agreements that govern the relationship with partners are referred to as Joint Operating Agreements (JOA). In all areas of operation where Tethys Oil has partners, JOAs are in effect. Other than the aforementioned agreements, there are no individual agreements or similar circumstances relating to the business which are of crucial significance for the group's operations or profitability.

Board of Directors
At the AGM of shareholders on 10 May 2023 Robert Anderson, Alexandra Herger, Magnus Nordin, Per Seime and Klas Brand were re-elected. No deputy directors were appointed. At the same meeting, Per Seime was appointed Chairman of the Board. The work of the Board is subject to an established work procedure that defines the distribution of work between the board and the Managing Director. The work procedure is evaluated each year and revised if deemed appropriate. The Board held 16 meetings during 2023. The five members of the Board have consisted of four non-executive directors and the Managing Director. The Board has four committees – the Audit Committee, the Remuneration Committee, the Technical Committee and the Sustainability Committee. Klas Brand is Chairman of the Audit Committee, Per Seime is Chairman of the Remuneration Committee, Rob Anderson is Chairman of the Technical Committee and Alexandra Herger is the Chairman of the Sustainability Committee.

Organisation
At the end of the year, Tethys Oil had the equivalent of 31 full time employees (29). Of these, 11 (11) were women. In addition, Tethys Oil has a number of contractors and consultants engaged in the Group's operations.

Remuneration policy 2023
The previous guidelines were approved by the Annual General Meeting 2023. The changes made are primarily linguistic and related to the variable remuneration and the performance criteria. The Company has not received any comments on the guidelines from shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Remuneration policy – proposal 2024
The Board of Directors of Tethys Oil AB (publ) (the "Company") proposes that the Company shall apply the following guidelines for executive remuneration agreed after the Annual General Meeting 2024.

Background
The previous guidelines were approved by the Annual General Meeting 2023. The changes made are primarily linguistic. in addition, there is a change made to the non-financial benefits. The Company has not received any comments on the guidelines from shareholders. These guidelines do not apply to any remuneration resolved upon or approved by the General Meeting and are only applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of these guidelines by the Annual General Meeting 2024.

Application of guidelines
These guidelines apply to remuneration to the Group Executive Management and to members of the Board of Directors if remuneration is paid for work performed outside the scope of the ordinary board work (e.g. pursuant to an employment or consultancy agreement). As of the date of these guidelines, the Company's Group Executive Management are the Managing Director, the CFO, the CTO and the CLO. These guidelines constitute a framework within which remuneration to the Group Executive Management may be decided on by the Board of Directors.

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

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

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

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

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

Principles for fixed salary
The fixed salary shall be in line with market terms, be competitive, and shall take into account the scope and responsibility associated with the position, as well as the skills, experience and performance of each member of the Group Executive Management. The fixed salary constitutes the basis for the variable salary. If there is no variable salary, pension benefits or other benefits, the fixed salary will constitute the entire remuneration.

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

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

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

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

The variable salary may not amount to more than twelve months' fixed salary and is therefore expected to amount to no more than 100 per cent of the fixed remuneration.

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

Pension benefits may not amount to more than 30 per cent of the fixed salary.

Principles for non-financial benefits
Non-financial benefits shall be based on market terms and shall facilitate the duties of the Group Executive Management. Non-financial benefits may include, inter alia, life insurance, medical insurance etc.
Premiums and other costs relating to non-financial benefits may not amount to more than ten percent of the fixed salary.

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

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

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

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

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

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

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

The Company's existing long-term incentive programmes are directed to certain key employees of the Group and designed to create conditions for retaining and recruiting competent and committed personnel to the Group. More information on the Company's existing and proposed incentive programmes from time to time is available on the Company's website (www.tethysoil.com). In connection with incentive programmes resolved on by the General Meeting, the Company may make such cash payments to the participants which are compatible with the decisions to implement or settle such incentive programmes (e.g., by making cash payments to participants who, pursuant to the terms of the programmes, are to receive incentive instruments (e.g., warrants) free of charge or be compensated for tax effects). Such payments shall not be considered part of the fixed or variable salary as they are an integral part of the incentive programmes.

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

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

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

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

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

During 2023, the Group decided to optimise the treasury function to ensure efficiency of its intercompany financing. Tethys Oil restructured its holding of certain group companies and transferred the holding of intercompany loans from the parent company to the indirectly wholly owned subsidiary Tethys Oil Invest AB that is acting as an internal treasury company. This resulted in the revaluation of Tethys Oil AB's direct shareholding in Tethys Oil France AB by MSEK 938.9 and indirect shareholding in Tethys Oil Invest AB accordingly. More information is presented in note 18.

Associated companies
Tethys Oil holding 25% in Odin Energy A/S, Danish limited liability company, which holds 100% shares in the Lithuanian operating company having the oil production licence Gargzdai. Consequently, Tethys Oil has an effective 25% interest in the Gargzdai licence. As of 31 December 2023, the value of the shareholding in the associated Danish company Odin Energy A/S amounted to MUSD 0.0 (0.0). During 2023 Tethys Oil received dividend of MUSD 0.2 (0.1) from the Odin Energy A/S.

Share Data
As of 31 December 2023, the number of issued shares in Tethys Oil amounted to 33,458,828 (33,056,608), with a nominal value of SEK 0.18 (0.18). All shares represent one vote each. Tethys Oil has a warrant-based incentive programme for Key Management. When the share price is above the exercise price of the warrants a potential dilution effect arises. During 2023, the 2020 warrants programme was exercised, which resulted in new share issue of 402,200 shares. During 2023 the share price was below the exercise price of the two tranches of the warrant programme, thus the weighted average number of shares outstanding after dilution was 32,099,193 (32,664,523). For further information please see note 18. A weekly updated list of Tethys Oil's repurchases is available on the Company's website.

Tethys Oil has a warrant-based incentive programme for employees which may increase the number of shares depending on the share price during the exercise periods, for further information please see note 19.

Seasonal effects
Tethys Oil has no significant seasonal variations.

Transactions with related parties
See note 20.

Risk and uncertainties
A statement of risks and uncertainties are presented on page 85 to 87 and in note 1 on page 117.

Sustainability report
In accordance with the Swedish Annual Accounts Act (ÅRL chapter 6, §11) Tethys Oil has opted to issue the sustainability report separate from the administration report. Pages 35 to 79 in the annual report 2023 constitute the statutory sustainability report in accordance with the Annual Accounts Act. The auditor's report on the statutory sustainability report is found on page 79.

Appropriation of profit
For the financial year 2023, Tethys Oil's Board of Directors will propose to the AGM 2024 that no dividend is to be paid. The Board of Directors will revisit the matter of shareholder distribu-

tions upon the completion of the strategic review of its portfolio, announced 5 February 2024. Tethys Oil's dividend policy remains unchanged.

For the financial year 2022, the Board of Directors proposed a dividend of SEK 2.00 per share equal to MSEK 64.6. The Board of Directors also proposed an extraordinary distribution of SEK 3.00 per share by way of a mandatory share redemption programme following the AGM 2023 equal to MSEK 97.0.

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

MSEK	2023	2022
Share premium reserve	548.6	530.3
Retained earnings	-272.4	-382.1
Profit for the year	592.9	294.2
	869.0	**442.4**
The Board of Directors proposes that these earnings be appropriated as follows:		
To the shareholders, a distribution of SEK 0.00 per share (AGM 2023: SEK 2.00)	–	64.6
To the shareholders, an extraordinary distribution of SEK 0.00 per share (AGM 2023: SEK 3.00)	–	97.0
To be retained in the business	869.0	280.8
	869.0	**442,4**

Dividend and Distribution

The Board of Directors has proposed that no dividend for the financial year 2023 is to be paid. The Company is in the process of assessing the capital requirements across its asset portfolio and is also conducting a strategic review of the composition of the Group's portfolio of oil and gas assets. The dividend and distribution proposal is subject to approval at the AGM 2024.

The parent company has distributable earnings (unrestricted equity) of MSEK 869.0 on 31 December 2023. As per 31 December 2023, the Group's and the parent company's equity ratio amounted to 88.7 percent and 98.0 percent, respectively.

Tethys Oil has generated significant cash flows in recent years and the Group has a solid financial position with net cash and no financial debt. In addition, the Company has an undrawn MUSD 60 credit commitment from a bank in the UAE which is being finalized.

Despite the parent company's and Group's solid financial position there remain uncertainty regarding both the near- and long-term capital requirements relating to the development of the Company's portfolio of oil and gas assets, and until such time that these are fully understood the Board of Directors cannot confidently assess the Company's ability to pay a dividend for the year 2023. In parallel, the Group is conducting a strategic review of its portfolio of oil and gas assets with the aim of rebalancing the asset mix and increasing the visibility of the assets fair market value. Upon conclusion of the assessment of capital requirements and the strategic review the Board aims to revisit the matter of shareholder distributions.

Financial statements

The result of the Group's and parent company's operations and the financial position at the end of the financial year is shown in the following income statements, balance sheets, cash flow statements, statements of changes in equity and related notes. Balance sheets and income statements will be resolved at the AGM, 15 May 2024.

Consolidated statement of comprehensive income

1 January – 31 December, MUSD	Note	2023	2022
Revenue and other income	3,4,5	**138.2**	**156.5**
Operating expenses	3,8	-56.4	-50.1
Gross profit		**81.7**	**106.4**
Depletion, depreciation and amortisation	3,7	-42.0	-40.5
Impairment	7	-36.9	–
Exploration costs	7	-6.4	-4.5
Administrative expenses	9–11	-8.3	-7.3
Share of net result from associates		0.2	0.1
Operating result		**-11.6**	**54.2**
Financial income and similar items	12	15.2	23.5
Financial expenses and similar items	13	-19.6	-18.8
Net financial result		**-4.4**	**4.7**
Result before tax		**-16.0**	**58.9**
Income tax	14	-0.5	-0.6
Net Result		**-16.5**	**58.3**
Other comprehensive result			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences		5.9	-5.9
Other comprehensive result		**5.9**	**-5.9**
Total comprehensive result		**-10.6**	**52.4**
Attributable to:			
Shareholders in the parent company		-10.6	52.4
Non-controlling interest		–	–
Total number of shares at the end of the period	16	33,458,828	33,056,608
Weighted average number of shares (before dilution)	16	32,060,671	32,543,670
Weighted average number of shares (after dilution)	16	33,099,193	32,664,523
Earnings per share (before dilution), USD	16	-0.51	1.79
Earnings per share (after dilution), USD	16	-0.51	1.78

Consolidated balance sheet

31 December, MUSD	Note	2023	2022
ASSETS			
Non-current assets			
Oil and gas properties	7	244.8	246.1
Other fixed assets		0.4	0.8
		245.2	**246.9**
Current assets			
Trade and other receivables	15	19.9	26.9
Prepaid expenses		0.2	0.7
Cash and cash equivalents		25.8	41.5
		45.9	**69.1**
TOTAL ASSETS		**291.1**	**316.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Share capital		0.8	0.8
Additional paid in capital		78.0	76.3
Reserves		0.3	-5.6
Retained earnings		179.2	213.7
Total shareholders' equity		**258.2**	**285.2**
Non-current liabilities			
Non-current provisions	6	13.5	10.8
Other non-current liabilities		0.1	0.4
		13.6	**11.2**
Current liabilities			
Accounts payable and other current liabilities	17	19.2	19.6
		19.2	**19.6**
Total liabilities		**32.9**	**30.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**291.1**	**316.0**

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company				
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 2022	–	–	-5.9	–	-5.9
Total comprehensive income	**0.0**	**0.0**	**-5.9**	**58.3**	**52.4**
Transactions with owners					
Repurchase of shares	–	–	–	-1.6	-1.6
Dividend	–	–	–	-6.6	-6.6
Share redemption	–	–	–	-16.2	-16.2
Incentive programme	–	–	–	0.6	0.6
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-23.8**	**-23.8**
Closing balance 31 December 2022	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Opening balance 1 January 2023	**0.8**	**76.3**	**-5.6**	**213.7**	**285.2**
Net result 2023	–	–	–	-16.5	-16.5
Other comprehensive income 2023	–	–	5.9	–	5.9
Total comprehensive income	**0.0**	**0.0**	**5.9**	**-16.5**	**-10.6**
Transactions with owners					
Share issue	0.0	1.7	–	–	1.7
Repurchase of shares	–	–	–	-2.3	-2.3
Dividend	–	–	–	-6.3	-6.3
Share redemption	–	–	–	-9.4	-9.4
Incentive programme	–	–	–	0.0	0.0
Total transactions with owners	**0.0**	**1.7**	**0.0**	**-18.0**	**-16.4**
Closing balance 31 December 2023	**0.8**	**78.0**	**0.3**	**179.2**	**258.2**

Consolidated cash flow statement

1 January – 31 December, MUSD	Note	2023	2022
Cash flow from operations			
Result before tax		-16.0	58.9
Adjustments for non cash items:			
Depletion, depreciation	3	42.0	40.5
Impairment	3	36.9	–
Exploration costs	3	6.4	4.5
Other non-cash items		5.2	-4.4
Interest received		1.1	–
Income tax paid		-0.8	–
Total cash flow from operations before change in working capital		**74.9**	**99.5**
Change in receivables		7.5	-17.7
Change in liabilities		0.3	5.2
Cash flow from operations		**82.7**	**87.0**
Investment activity			
Investment in oil and gas properties	7	-81.7	-89.1
Investment in other fixed assets		-0.5	-0.3
Dividend from associates		0.2	0.1
Cash flow from investment activity		**-82.0**	**-89.3**
Financing activity			
Share issue		1.7	–
Repurchase of shares	16	-2.4	-1.6
Dividend		-6.1	-6.6
Share redemption		-9.0	-16.2
Incentive programme		-0.7	-0.2
Cash flow from financing activity		**-16.5**	**-24.6**
Period cash flow		**-15.7**	**-26.9**
Cash and cash equivalents at the beginning of the period		41.5	68.6
Exchange gains/losses on cash and cash equivalents		0.0	-0.2
Cash and cash equivalents at the end of the period		**25.8**	**41.5**

Parent company income statement

1 January – 31 December, MSEK	Note	2023	2022
Other income	3,5	16.5	14.8
Administrative expenses	9–11	-64.4	-49.7
Share of net result from associates		2.2	1.6
Exploration costs		–	-0.4
Operating result		**-45.7**	**-33.7**
Financial income and similar items	12	784.3	552.4
Financial expenses and similar items	13	-145.7	-224.5
Net financial result		**638.6**	**327.9**
Result before tax		**592.9**	**294.2**
Income tax	14	–	–
Net result[1]		**592.9**	**294.2**

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

Parent company balance sheet

31 December, MSEK	Note	2023	2022
ASSETS			
Non-current assets			
Oil and gas properties	7	0,4	–
Shares in subsidiaries	18	939,8	1,0
Long term receivables from subsidiaries	20	–	903,2
		940,3	**904,2**
Current assets			
Short term receivables from subsidiaries	20	5,4	–
Other receivables	15	1,7	3,2
Prepaid expenses		1,2	5,1
Cash and cash equivalents		16,7	47,6
		25,0	**55,9**
TOTAL ASSETS		**965,2**	**960,1**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Restricted equity:			
Share capital		6,0	6,0
Statutory reserve		71,1	71,1
Unrestricted equity:			
Share premium reserve		548,6	530,3
Retained earnings		-272,4	-382,1
Net result		592,9	294,2
Total shareholders' equity		**946,2**	**519,5**
Current liabilities			
Accounts payable and other current liabilities	17	8,1	10,9
Other current liabilities to group companies	20	11,0	429,7
Total liabilities		**19,1**	**440,6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**965,2**	**960,1**

Parent company statement of changes in equity

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Share premium reserve	Unrestricted equity: Retained earnings	Unrestricted equity: Net result	Total equity
Opening balance 1 January 2022	**6.0**	**71.1**	**530.3**	**-505.0**	**360.9**	**463.3**
Transfer of prior year net result	–	–	–	360.9	-360.9	0.0
Net result 2022	–	–	–	–	294.2	294.2
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**294.2**	**294.2**
Transactions with owners						
Repurchase of shares	–	–	–	-15.9	–	-15.9
Dividend	–	–	–	-65.2	–	-65.2
Share redemption	–	–	–	-162.9	–	-162.9
Incentive programme	–	–	–	6.0	–	6.0
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-238.0**	**0.0**	**-238.0**
Closing balance 31 December 2022	**6.0**	**71.1**	**530.3**	**-382.1**	**294.2**	**519.5**
Opening balance 1 January 2023	**6.0**	**71.1**	**530.3**	**-382.1**	**294.2**	**519.5**
Transfer of prior year net result	–	–	–	294.2	-294.2	-
Net result 2023	–	-	–	–	592.9	592.9
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**592.9**	**592.9**
Transactions with owners						
Share issue	0.0	–	18.3	–	–	18.3
Repurchase of shares	–	–	–	-24.8	–	-24.8
Dividend	–	–	–	-64.5	–	-64.5
Share redemption	–	–	–	-95.9	–	-95.9
Incentive programme	–	–	–	0.7	–	0.7
Total transactions with owners	**0.0**	**0.0**	**18.3**	**-184.5**	**0.0**	**-166.2**
Closing balance 31 December 2023	**6.0**	**71.1**	**548.6**	**-272.4**	**592.9**	**946.2**

Parent company cash flow statement

1 January – 31 December, MSEK	Note	2023	2022
Cash flow from operations			
Profit before tax		592.9	294.2
Adjustments for:			
Dividend from Group company	12	-540.0	-250.5
Net exchange differences	12, 13	-17.4	-52.1
Finance items – net	12, 13	-39.2	-25.1
Other non-cash items		-8.9	-11.4
Interest received		1.1	–
Total cash flow from operations before change in working capital		**-11.5**	**-44.9**
Change in receivables		-4.2	-5.2
Change in liabilities		1.1	3.0
Cash flow from operations		**-14.6**	**-47.1**
Investment activity			
Dividend from associates		2.2	1.6
Cash flow from investment activity		**2.2**	**1.6**
Financing activity			
Share issue		18.3	–
Financing from long term receivables	20	156.8	254.5
Repurchased shares	16	-24.8	-15.9
Dividend payment		-64.5	-65.2
Share redemption		-95.9	-162.9
Incentive programme		-6.9	-1.6
Cash flow from financing activity		**-17.1**	**8.9**
Period cash flow		**-29.4**	**-36.6**
Cash and cash equivalents at the beginning of the period		47.6	76.8
Exchange gains/losses on cash and cash equivalents		-1.5	7.4
Cash and cash equivalents at the end of the period		**16.7**	**47.6**

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

The consolidated financial statements of Tethys Oil AB and its subsidiaries (collectively referred to as the Group) for the year ended 31 December 2023 have been approved by the Board of Directors on 27 March 2024.

Basis of preparation

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

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

The consolidated financial statements have been prepared on a going concern basis and in accordance with the framework described above and effective for the year ended 31 December 2023. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

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

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

IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2023. None of these had a material effect on the Group financial statements 2023.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The consolidated group financial statements consolidate the financial statements of Tethys Oil AB and its subsidiaries drawn up to 31 December each year.

(i) Subsidiaries

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

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

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

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

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

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

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

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

(ii) Associates

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

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

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

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

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

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

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

(iii) Joint arrangements

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

Joint operations

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

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

Joint ventures

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

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

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

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

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

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

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

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

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

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

Group companies
The results and financial position of foreign operations or entity that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at the average exchange rate, except for transactions where it is more relevant to use the rate of the day of the transaction, and
- the translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the income statement and included in the result on sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment and de-recognition of financial assets
In accordance with IFRS 9, the Group assesses expected credit losses on financial assets measured at amortised cost. The Group recognises a reserve

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

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

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

Financial liabilities

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

After initial recognition, financial liabilities are measured based on the following classification:

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

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

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

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

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

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

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

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

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

Equity instruments

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

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

Impairment of equity instruments

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

Leases

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Under IFRS 16 Tethys Oil applies the exceptions for short-term leases and leases for which the underlying asset is of low value e.g. office leases and IT servers/programmes and other leases of shorter duration or lesser value. IFRS 16 Leases does not apply to joint operations unless operated by Tethys Oil. In the case of joint operations operated by Tethys Oil, the group recognises its interest share of the value of the underlying assets and corresponding liabilities of the leases in its consolidated group accounts.

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

Equity

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

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

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

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

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

Dividends

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

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Revenue and Other income

Revenue from sale of crude oil

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

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

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

Underlift and overlift adjustment

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

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

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

Other Income

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

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

Profit oil and cost recovery in Joint Operation

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

Employee benefits

Short-term obligations

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

Post-employment obligations /Pension obligations

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

Share-based payments

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

Termination benefits

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

Income taxes

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

Related party transactions

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

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

For disclosures of the Parent Company's transactions with related parties, refer to Note 21, Related-party transactions under the Parent Company.

Cash Flow Statement

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

Rounding of amounts

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

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

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

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

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

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

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

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

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

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

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

Note 1, Financial risk management

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

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

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

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

	2023	2022
Revenues	100% in USD	100% in USD
Investments in Oil & Gas	99.9% in USD	100% in USD
External financing at year end	No	No

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

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

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

Tethys Oil is operating in several countries and exposed to currency fluctuations. Income is and will also most likely be denominated in foreign currencies, US dollars. Furthermore, Tethys Oil has since inception been equity and debt financed through share and bond issues, bank loans and financed by asset divestment. Additional capital could be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need could occur during less favourable market conditions. Tethys Oil continuously works to ensure that sufficient cash balances are maintained in order to cover day to day operations, both through the management of the Group's cash flows as well as securing external debt when needed. Management relies on forecasting to assess Tethys Oil's cash position based on expected future cash flows. All financial liabilities of the Group as at end of 2023 and 2022 are fall due within 12 months.

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

Note 2, Critical accounting estimates and judgements

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

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

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

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

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

Oil and natural gas price assumptions
Assumptions and forecasts of oil prices are used in the recurring evaluations of impairment tests. The prices used are a combination of actual prices, forward prices for the next six months, as well as the long-term forecasts provided by Tethys Oil's reserves evaluator ERCE.

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

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

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

Note 3, Segment information

The Group accounting principles for segment describes that the operating segment are reported based in Producing assets, Non-producing assets, Other and Eliminations, as well as geographic perspective, where Producing and Non-producing assets are represented by Oman and Other by Sweden, and reported in a manner consistent with the internal reporting which is primarily based on income statement ratios and provided to the executive management, which is considered to be the chief operating decision maker. Producing assets include the Company's non-operated interest in Blocks 3&4. Non-producing assets include the operated exploration interests in Block 49, Block 56 and Block 58. The segment Other includes the head office and other central functions across the Group as well as the Company's indirect 25 percent holding in its Lithuanian associated company Minijos Nafta UAB. The operating result for each segment is presented below. Revenue and other income relates to external (non-intra group) transactions and customers. Oman is Tethys Oil´s only oil producing area from which revenue is generated as at 31 December 2023 (and comparative period). Revenue, depletion and operating expenses, which is presented in notes 4, 7 and 8, therefore only related to Oman, Block 3&4 and Block 56. More information regarding Oil and gas properties is provided in note 7.

Group income statement Jan-Dec 2023, MUSD

Total	Producing assets	Non-producing assets	Other	Eliminations	Total
Revenue and other income	137.4	0.8	1.6	-1.6	138.2
Operating expenses	-55.2	-1.3	–	–	-56.4
Depreciation, depletion and amortisation	-41.7	–	-0.3	–	-42.0
Impairment	-36.9	–	–	–	-36.9
Exploration costs	-6.3	–	-0.1	–	-6.4
Administrative expenses	-2.7	-1.0	-6.4	1.8	-8.3
Share of net profit from associate	–	–	0.2	–	0.2
Operating result	**-5.3**	**-1.5**	**-5.0**	**0.2**	**-11.6**

Group income statement Jan-Dec 2023, MUSD Total	Producing assets	Non-producing assets	Other	Eliminations	Total
Revenue by country	**Producing assets**	**Non-producing assets**	**Other**		**Total**
Revenue and other income					
Oman	137.4	0.8	–	–	138.2
Other	–	–	1.6	-1.6	–
Oil and Gas properties as of 31 Dec 2023	**Producing assets**	**Non-producing assets**	**Other**		**Total**
Oil and Gas properties	190.0	55.2	0.0	-0.5	244.8

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

Note 4, Revenue and other income

	Group MUSD	
MUSD	**2023**	**2022**
Revenue	143.0	149.4
Underlift (+) / overlift (-), adjustment	-5.6	7.1
Other income EWT	0.8	–
Revenue and other income	**138.2**	**156.5**

Tethys Oil sells all oil from Block 3&4, including oil from other income EWT (extended well test) related to Block 56, to Mitsui Energy Trading Singapore, wich is part of Mitsui & Co Ltd. Oil sales come from Block 3&4 Oman and are made on a monthly basis. Tethys Oil´s average selling price is based on the monthly average price of the two-month future contract of oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

Note 5, Other income

Parts of the administrative expenses in Tethys Oil, such as management fees and overhead costs in the parent company, have been charged out to oil and gas projects within the group. Other income in the parent company during 2023 amounted to MSEK 16.5 (14.8). In case of Tethys Oil being the operator in joint operations, these administrative expenditures are, through the above, also funded by the partner if such partners exist. All internal charge outs are eliminated in the consolidated financial statements. Tethys Oil is as at 31 December 2023 operator in block 49, 56 and 58 in Oman and hold 100 percent of the licenses interest in Block 49, 58 and 65 percent in Block 56.

Note 6, Site restoration provision

Tethys Oil estimates that its share of site restoration costs for Blocks 3&4 at year end 2023 amounts to MUSD 12.5 (MUSD 10.6). Because of the revised value of the site restoration provision, the value of Oil and Gas properties for Block 3&4 have been increased by the corresponding amount. The change in provision follows an annual review of the site restoration calculation which estimates the cost of restoring all wells and removing surface facilities. The value is inflated using an annual inflation factor of 2.0 percent (2.0) and the long-term provisions are discounted using a risk-free interest rate of 4.2 percent (4.1) and a credit spread of 4.0 percent (4.0) for Blocks 3&4.

The provisions at year end 2023 for Block 49 and 56 respectively are MUSD 0.2 (MUSD 0.2), MUSD 0.8 (0.0).

MUSD	31 December 2023	31 December 2022
Provisions as of beginning of period	10.8	13.0
Accretion expense	0.9	0.8
Impact of changes to discount rate	-2.1	-5.8
Change in estimates and provisions relating to new drilling and installations	3.9	2.8
Total provision for abandonment liabilities	**13.5**	**10.8**

Note 7, Oil and gas properties

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

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

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

[2] The initial exploration period for the EPSA for Block 56 expired in December 2020, whereby the partners elected to enter into the second exploration period, which expires in December 2024. In case of a commercial oil or gas discovery, the EPSA will be transformed in to a 20 year production licence with the option of a further five year extension. In case of a commercial discovery Oman Government Company, has a right to acquire up to a 25 percent interest in Block 56 against refunding of past expenditure. The work commitments during the second period include geological studies, seismic acquisition and processing and exploratory drilling.

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

[4] The interest in the Lithuanian Gargzdai licence is held indirectly through a 50 percent shareholding in a Danish private company Odin Energi A/S , which in its turn holds 50 percent of the shares in the Lithuanian company which holds 100 percent of the licence interest. The Danish company Odin Energi A/S is not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there is no oil and gas property related to the licence.

MUSD	31 December 2023	31 December 2022
Producing cost pools	190.0	198.5
Non-producing cost pools	54.7	47.5
Total oil and gas properties	**244.8**	**246.1**

MUSD Licence	Phase	Tethys Oil's share	31 December 2023	Investments	DD&A	Impairment	Exploration costs	Site restoration and other adjustments	1 January 2023
Blocks 3&4	Production	30%	190.0	75.2	-41.5	-36.9	-6.3	1.0	198.5
Block 49	Exploration	100%	1.2	0.5	–	–	–	–	0.6
Block 56	Exploration	65%	43.4	3.7	–	–	–	0.8	38.9
Block 58	Exploration	100%	10.2	2.2	–	–	–	–	8.0
New ventures			0.0	0.0	–	–	-0.1	–	0.1
Total			**244.8**	**81.7**	**-41.5**	**-36.9**	**-6.4**	**1.8**	**246.1**

MUSD Licence	Phase	Tethys Oil's share	31 December 2022	Investments	DD&A	Impairment	Exploration costs	Site restoration and other adjustments	1 January 2022
Blocks 3&4	Production	30%	198.5	63.4	-40.2	–	-2.6	-3.0	180.9
Block 49	Exploration	100%	0.6	0.4	–	–	–	-0.2	0.4
Block 56	Exploration	65%	38.9	23.9	–	–	-1.7	–	16.7
Block 58	Exploration	100%	8.0	1.4	–	–	–	–	6.6
New ventures			0.1	–	–	–	-0.2	0.0	0.3
Total			**246.1**	**89.1**	**-40.2**	–	**-4.5**	**-3.2**	**204.8**

MUSD Producing cost pools	Block 3&4	Total
Cost 1 Jan 2023	595.5	595.5
Investments	75.2	75.2
Impairment	-36.9	-36.9
Exploration cost	-6.3	-6.3
Change in estimates	1.0	1.0
Cost 31 Dec 2023	**628.5**	**628.5**
Accumulated depreciation 1 Jan 2023	-397.0	-397.0
Depletion charge for the year	-41.5	-41.5
Accumulated depreciation 31 Dec 2023	**-438.5**	**-438.5**
Net book value 31 Dec 2023	**190.0**	**190.0**

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

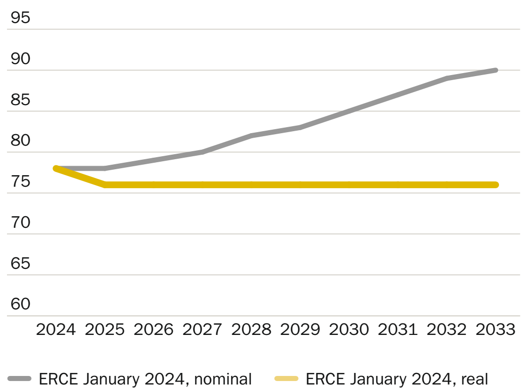
Impairment testing

In response to the 2023 exploration and development investments on Blocks 3&4 not yielding the expected production output and reserve additions, Tethys Oil conducted an impairment test of the Group's interest in Blocks 3&4 based on the reserves and resources evaluation effective as of 31 December 2023. As a result of the test, an impairment charge of MUSD 36.9 was recognised in 2023. To estimate the value of the Blocks' oil and gas properties, a base case oil price per barrel forecast provided by Blocks 3&4's reserves and resources evaluator ERCE as well as a discount rate of 14.5 percent (after tax) and an average inflation rate of 2.5 percent are applied to production and cost profiles based on proven and probable reserves (2P) and contingent resources (2C).

The ERCE base case price forecast estimates Brent oil prices in nominal terms of USD 78 to 90 per barrel for the years 2024–2033 respectively, and a long-term price growth of 2 percent per annum thereafter.

Valuation sensitivity to discount rate						
Discount rate	10.0%	12.0%	14.0%	14.5%	15.0%	16.0%
Blocks 3&4 valuation, MUSD	240.1	217.2	197.2	190.0	188.1	179.6

ERCE Brent oil price expectations, real and nominal



Exploration cost

Exploration cost in 2023 amounted to MUSD 6.3 related to write down of exploration wells on Block 3&4 and new venture projects.

Note 8, Operating expenditure

MUSD	2023	2022
Production costs	-37.4	-33.5
Well Workovers	-6.3	-5.0
Operator G&A and overhead expenses	-11.5	-11.6
EWT production cost	-1.3	–
Total	**-56.4**	**-50.1**

Note 9, Remuneration to company auditor

	Group MUSD		Parent MSEK	
	2023	2022	2023	2022
PwC:				
Audit fee	-0.3	-0.2	-3.0	-2.2
Audit-related fees	0.0	0.0	-0.1	-0.2
Other	–	0.0	–	0.0
Audit fees to other audit company	-0.1	0.0	0.0	0.0
Other	-	-0.1	-	–
Total	**-0.4**	**-0.3**	**-3.2**	**-2.4**

Of the Group total during 2023, MUSD 0.3 (MUSD 0.2) has been in relation to PwC Sweden.

Note 10, Administrative expenses

		Group MUSD		Parent MSEK	
	Note	2023	2022	2023	2022
Personnel costs and benefits		-4.2	-3.3	-30.1	-23.7
Utilities and office supply		-0.6	-1.4	-4.0	-5.0
Legal and consulting		-1.3	-0.8	-11.3	-5.5
Audit	9	-0.4	-0.3	-3.2	-2.4
Marketing expenses		-0.4	-0.4	-3.8	-3.9
Travel expenses		-0.4	-0.3	-5.4	-1.7
Listing costs		-0.2	-0.2	-1.1	-1.8
Other costs		-0.9	-0.6	-5.6	-5.8
Total		**-8.3**	**-7.3**	**-64.5**	**-49.7**

Note 11, Employees

Average number of full time employees per country	2023 Total	2023 Total men	2022 Total	2022 Total men
Parent company				
Sweden	9	5	8	5
Total parent company	**9**	**5**	**8**	**5**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	21	15	20	13
United Arab Emirates	1	–	1	–
Total subsidiary companies foreign	**22**	**15**	**21**	**13**
Total group	**31**	**20**	**29**	**18**

MUSD Salaries, other remuneration and social costs	2023 Salaries, other remuneration	2023 Social costs	2022 Salaries, other remuneration	2022 Social costs
Parent company				
Sweden	-2.3	-0.5	-1.9	-0.4
Total parent company	**-2.3**	**-0.5**	**-1.9**	**-0.4**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	-3.7	–	-3.3	–
United Arab Emirates	-0.2	–	-0.1	–
Total subsidiary companies foreign	**-3.9**	**–**	**-3.4**	**–**
Total group	**-6.2**	**-0.5**	**-5.3**	**-0.4**

MUSD Salaries and other remuneration distributed between The Board and other employees	2023 Board and managing director	2023 Other employees	2022 Board and managing director	2022 Other employees
Parent company				
Sweden	-0.7	-1.6	-0.7	-1.2
Total parent company	**-0.7**	**-1.6**	**-0.7**	**-1.2**
Subsidiary companies in Sweden	**–**	**–**	**–**	**–**
Subsidiary companies foreign				
Oman	–	-3.7	–	-3.3
United Arab Emirates	–	-0.2	–	-0.1
Total subsidiary companies foreign	**–**	**-3.9**	**–**	**-3.4**
Total group	**-0.7**	**-5.5**	**-0.7**	**-4.6**

During 2023 one woman and four men have been members of the Board of Directors, unchanged from 2022. One woman and three men have been members of the executive management, unchanged since 2022. At the AGM of shareholders on 10 May 2023, Klas Brand, Robert Anderson, Alexandra Herger, Magnus Nordin and Per Seime were re-elected members of the Board. No deputy directors were appointed. At the same meeting, Per Seime was re-appointed to Chairman of the Board. There have not been any agreements on pensions for any of the directors of the Board. For the executive management, the pension costs follow a defined contribution plan.

Salaries and other remuneration to executive management during 2023, MSEK	Basic salary	Pension arrangements	Variable salary	Share based long term incentive[1]	Other benefits	Total 2023
Managing director	5.156	–	0.786	1.658	0.035	7.635
Other executive management	7.030	0.992	1.154	3.346	0.068	12.590
Total	**12.186**	**0.992**	**1.940**	**5.004**	**0.103**	**20.225**

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

[1] The Managing director received 70,000 (60,000) and Other executive management received 180,000 (100,000) warrants in the 2023 incentive programme, totalling 250,000 (160,000) warrants.

Total remuneration to executive management increased in 2023 compared to 2022 and is mainly due to one full year additional member of the executive management group. During 2023, the variable salary and the incentive program for the managing director increased. Remuneration to the other members of the executive management increased as a result of the addition of one member to the executive management group in 2022 serving for the full year in 2023. According to the employment contract, the Managing Director has a notice period of twelve months mutual between the Managing Director and the company. If the employment is terminated by the Company, the Managing Director is entitled to severance pay corresponding to twelve months' salary, less from the date at new employment begins at another company.

Remuneration to board member, MSEK	AGM 2023 to AGM 2024	AGM 2022 to AGM 2023
Per Seime	0.820	0.800
Robert Anderson	0.415	0.395
Alexandra Herger	0.420	0.400
Magnus Nordin	–	–
Klas Brand	0.440	0.420
Total	**2.095**	**2.015**

Note 12, Financial income and similar items

	Group MUSD		Parent MSEK	
	2023	2022	2023	2022
Interest income	1.1	0.3	79.7	67.4
Currency exchange gains	13.7	23.2	120.1	234.5
Dividend from group companies	–	–	584.5	250.5
Other financial income	0.5	–	–	–
Total	**15.2**	**23.5**	**784.3**	**552.4**

Note 13, Financial expenses and similar items

	Group MUSD		Parent MSEK	
	2023	2022	2023	2022
Interest expenses	0.0	–	-42.7	-42.0
Currency exchange loss	-18.6	-18.0	-102.8	-182.4
Other financial expenses	-1.0	-0.8	-0.3	–
Total	**-19.6**	**-18.8**	**-145.7**	**-224.5**

Note 14, Tax

The Group's income tax charge amounts to MUSD 0.5 (MUSD 0.6) and is related to Tethys Oil's income in Gibraltar. Tethys Oil has not recorded a deferred tax asset in relation to the tax losses carried forward since there is uncertainty as to if the tax losses may be utilised. The tax losses are in another jurisdiction than where main profits are generated. Tax losses carried forward amounted to MSEK 272.7 (MSEK 219.3). There are no time limits for the utilization of tax losses.

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

Parent MSEK	2023	2022
Result before tax	592.9	294.2
Tax at applicable tax rate 20.6% (2022: 20.6%)	-122.1	-60.6
Non-deductible expenses	-0.3	-0.2
Non-taxable income	120.9	51.9
Utilized (+) / Built up (-) tax loss carry forwards previously not recorded as deferred tax assets	1.6	8.8
Tax expense	**0.0**	**0.0**

Tethys Oil's oil and gas operations in Oman are governed by separate Exploration and Production Sharing Agreements ("EPSA") for each contract area. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes, which are paid in full, on behalf of Tethys Oil from the government share of oil. The effect of these taxes is netted against revenue and other income in the income statement. Currently Blocks 3&4 and Block 56 are the Omani EPSAs 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 2023 is MUSD 37.6 (MUSD 59.5) of which MUSD 36.7 (MUSD 59.5) is related to Blocks 3&4 and MUSD 0.9 (MUSD -) to Block 56.

Local income generated in Tethys Oil's Gibraltar subsidiaries are subject to Gibraltar taxes. Tethys Oil recorded MUSD 0.5 (MUSD 0.6) in tax in Gibraltar in the period.

Note 15, Trade and other receivables

	Group MUSD		Parent MSEK	
	2023	2022	2023	2022
Trade receivables oil sales	9.8	12.5	–	–
Underlift position	0.5	6.1	–	–
Non-trade receivables	5.0	4.9	–	–
Joint operation receivables	0.1	0.1	–	–
Other receivables	4.5	3.3	1.7	3.2
Total	**19.9**	**26.9**	**1.7**	**3.2**

Note 16, Shareholders' equity

As at 31 December 2023, the number of issued shares in Tethys Oil amounted to 33,458,828 (33,056,608), with a nominal value of SEK 0.18 (SEK 0.18). All shares represent one vote each. Tethys Oil has a warrant-based incentive programme for Key Management. When the share price is above the exercise price of the warrants a potential dilution effect arises. During 2023, the 2020 warrants programme was exercised, which resulted in new share issue of 402,200 shares. During 2023 the share price was below the exercise price of the two tranches of the warrant programme, thus the weighted average number of shares outstanding after dilution was 32,099,193 (32,664,523). For further information please see note 19.

Tethys Oil's Annual General Meeting on 10 May 2023 ("AGM") has resolved to grant the Board of Directors the authorisation to repurchase up to 10 percent of the company's share capital.

During 2023 Tethys Oil repurchased 451,550 shares. As of 31 December 2023, Tethys Oil held 1,189,901 shares in treasury – the equivalent of 3.6 percent of issued shares. In 2024 there were no shares repurchased as per the publication of this year-end report.

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

Earnings per share

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

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

Appropriation of profit

For the financial year 2023, Tethys Oil's Board of Directors will propose to the AGM 2024 that no dividend is to be paid. The Board of Directors will revisit the matter of shareholder distributions upon the completion of the strategic review of its portfolio, announced 5 February 2024. Tethys Oil's dividend policy remains unchanged. Further details to follow in the proposal to the 2024 AGM.

Note 17, Accounts payable and other current liabilities

	Group MUSD		Parent MSEK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Accounts payable	0.2	0.6	2.3	1.7
Joint operations payable	17.2	16.9	–	–
Tax liability	0.3	0.6	–	–
Other current liabilities	1.5	1.5	5.8	9.2
Total	**19.2**	**19.6**	**8.1**	**10.9**

Note 18, Shares in subsidiaries

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

* Wholly owned by Tethys Oil France AB

Shares in subsidiaries, MSEK	Parent 2023	Parent 2022
1 January	1.0	1.0
Acquisitions/Relinquishments	938.9	0.0
31 December	939.9	1.0

During 2023, The Group has decided to optimise the treasury function to ensure efficiency of its intercompany financing. Tethys Oil restructured its holding of certain group companies and transferred the holding of intercompany loans from the parent company to the indirectly wholly owned subsidiary Tethys Oil Invest AB that is acting as an internal treasury company. This resulted in the revalution of Tethys Oil AB's direct shareholding in Tethys Oil France with MSEK 938,9 and indirect shareholding in Tethys Oil Invest accordingly.

Note 19, Incentive programmes

Warrants based programme

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

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

During 2023 due to the share price level only one warrant program (2020–2023) was contributing to the potentiall dilution, but the actual dilution has been compensated by ongoing share buy-back program. As a result, the weighted average number of outstanding shares (after dilution) for 2023 decreased to 32,099,193 vs. 32,664,523 for 2022. The cost is calculated in accordance with the Black & Scholes formula where the main inputs are the factors in the above table, expected volatility, share price at valuation and an equity discount rate. The cost for the incentive programme is included as part of administrative expenses and includes tax and social charges where applicable.

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

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

	Group MUSD		Parent MSEK	
Warrant incentive programme	**2023**	**2022**	**2023**	**2022**
Incentive programme cost	0.6	0.3	6.0	3.5
Total	**0.6**	**0.3**	**6.0**	**3.5**

Long-term incentive program 2022–2024

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

LTIP 2022–2024 ("LTIP 2022") was launched in October 2022. The Programme comprises one three-year Vesting Period, covering the financial years of 2022–2024. The payment of each instalment is conditional on continued employment, and continued ownership of the Reward Shares purchased within the programme.

During the financial year 2022, a total amount of MSEK 6,0 was granted to the participants of the program to be earned during the vesting period. In 2023 the second instalment of reward in amout of MSEK 1.7 was exercised and a total of MSEK 2.3 remains outstanding for the final instalment due in 2024.

LTIP 2023–2025 ("LTIP 2023") was launched in April 2023 following the approval of the Board of Directors. The programme is identical to LTIP 2022. The maximum limit for the programme is MSEK 5.3. During 2023 the first instalment of MSEK 1.6 was granted to participants and MSEK 3.4 remains outstanding for the future instalments.

Note 20, Related party transactions

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

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

Transactions with group companies, MSEK	2023	2022
Interest income	78.5	67.1
Other income	16.5	14.8
Dividend income	584.5	250.5
Interest expense	-42.7	-42.0
Total	**636.8**	**290.4**

Balance with related parties, MSEK	2023	2022
Short-term receivable from group companies	5.4	–
Long-term receivable from group companies	–	903.2
Total	**5.4**	**903.2**

Balance with related parties, MSEK	2023	2022
Other current liabilities to group companies	11.0	429.7
Total	**11.0**	**429.7**

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

During 2023 Tethys Oil received dividend of MSEK 2.2 (1.6) from the associated company Odin Energy A/S.

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

Note 21, Pledged assets

The parent company had no pledged assets as per 31 December 2023 and 31 December 2022.

Note 22, Contingent liabilities

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

Note 23, Subsequent events

Tethys Oil has received a credit commitment for a MUSD 60 amortising term loan facility from one of the leading banks of the United Arab Emirates (UAE). The loan agreement is expected to be finalised by the end of the first quarter 2024.

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

Tethys Oil has signed a drilling rig contract with Gulf Oilfield Services ("GOS") for the exploration well Kunooz-1 in the Fahd area on Block 58.

Tethys Oil's Board of Directors has authorised the executive management to explore the possibility of investing in energy transition businesses. The scope of the exploratory work should focus on the Company's subsurface competence and/or its geographic footprint in the Nordics and Baltics as well as Oman and the Gulf region.

Assurance

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

Stockholm, 27 March 2024

Per Seime
Chairman of the board

Rob Anderson
Director

Klas Brand
Director

Alexandra Herger
Director

Magnus Nordin
Managing Director

Auditor's endorsement

Our audit report was submitted on 27 March 2024.
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Auditor’s report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Tethys Oil AB (publ) for the year 2023.

The annual accounts and consolidated accounts of the company are included on pages 92–127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

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

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

Materiality

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

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

Key audit matters

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

Key audit matter
Recoverability of the carrying value of oil and gas properties
The carrying value of oil and gas properties amounted to MUSD 244.8 as per 31 December 2023 and the major part represented by the producing assets in Block 3&4 in Oman. The oil and gas properties relating to Block 3&4 in Oman amounted to MUSD 190.0 by 31 December 2023.

During the year management follows a process to identify potential indicators of impairment and to the extent that indicators are identified impairment tests are prepared.

The carrying value of oil and gas properties is supported by the higher of either value in use calculations or fair value less cost of disposal (recoverable amount).

The assessment to identify potential impairment indicators and to perform impairment tests requires management to exercise significant judgement where there is a risk that the valuation of oil and gas properties and any potential impairment charge or reversal of impairment may be incorrect.

Management's test requires consideration of a number of factors, including but not limited to, the Group's intention to proceed with a future work programme, the probability of success of future drilling, the size of proved, probable reserves as well as prospective resources, short and long term oil prices, future costs as well as the discount and inflation rates.

Following the analysis of potential impairment indicators for Block 3&4 in Oman during the year and as per 31 December 2023 it was concluded that an impairment was needed and an impairment of MUSD 36.9 was recorded.

Refer to pages 93–97 in the Directors' report, page 113–114 in the Accounting Policies and note 2 and 7 in the financial statements for more information.

How our audit addressed the Key audit matter
We have audited management's assessment for determining the impairment indicators and concluded that there are no impairment indicators identified.

The assumptions that underpin management's assessment are inherently judgmental. Our audit work therefore assessed the reasonableness of management's key judgements of the recoverable amount of Block 3&4. Specifically our work included, but was not limited to, the following procedures:
- comparison of management´s short-term oil price assumptions against external oil price forward curves;
- comparison of long-term oil price assumptions against views published by brokers, economists, consultancies and respected industry bodies, which provided a range of relevant third-party data points;
- reconciliation of hydrocarbon production profiles to the combination of proved and probable reserves and contingent resources from reserve reports from ERC Equipoise Limited;
- verification of estimated future costs by agreement to budgets and where applicable, third party data;
- benchmarking of inflation and discount rates applied;
- testing of the mathematical accuracy of the model
- Test the accounting treatment of the impairment

We have obtained the estimation of proven and probable reserves and contingent resources certified by the group's external reserves auditor. Our work included but was not limited to:
- determining that the group's process for collecting relevant reports were sufficiently robust;
- assessing competence and objectivity of reserves auditor ERC Equipoise Limited, to satisfy ourselves they were appropriately qualified to carry out the volumes estimation;
- validation of that the updated reserves and resources estimates were included appropriately in management's consideration of impairment and in accounting for depletion charges.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–79 and 85–91. Other information those not include the Financial statements, consolidated accounts and our audit report related to the Financial statements. The Board of Directors and the Managing Director are responsible for this other information. The information in the "Remuneration report 2023", which will be published on Tethys Oils webpage at the same time as this report is also considered other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible

for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Tethys Oil AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

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

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2023.

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

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

Basis for Opinions

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

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

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

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

Auditor's responsibility

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

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

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

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

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

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

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

PricewaterhouseCoopers AB, 405 32 Göteborg, was appointed auditor of Tethys Oil AB (publ) by the general meeting of the shareholders on the 10 May 2023 and has been the company's auditor since the 2001. The company has been listed at NasdaqOMX since the 2 May 2013.

Gothenburg, 27 March 2024
PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

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