



Press release

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## Financial update Fourth Quarter 2019

**Tethys Oil provides a financial update ahead of its fourth quarter and year-end report for 2019. The financial result for the fourth quarter 2019 will be impacted by a reduction of net entitlement share of oil production from 52 to 48 percent and exploration costs of MUSD 8.0.**

### Entitlement share of oil production

Tethys Oil's interest in Blocks 3&4 in the Sultanate of Oman is governed by an Exploration and Production Sharing Agreement ("EPSA"). Under the terms of the EPSA, Tethys Oil's entitlement share of oil production, the share of production after government take, is determined by the availability of recoverable costs spent in the period, the balance of the unrecovered historical costs (the "Cost Pool") as well as its fixed share of profit oil. During the third quarter 2019, the joint operation recovered the outstanding balance of historical costs in the Cost Pool. Until that time Tethys Oil's entitlement had amounted to the maximum 52 percent.

Following an agreement with the regulatory authority regarding the calculation of entitlement oil, a calculation and redetermination was made of the entitlement for the period August-December 2019. As a result of the redetermination and in conjunction with higher levels of production, Tethys Oil's net entitlement for the fourth quarter 2019 amounted to 48 percent, which includes an adjustment of net entitlement relating to the third quarter. On a full year basis 2019, Tethys Oil's net entitlement was 51 percent.

### Exploration Costs

For the fourth quarter of 2019, Tethys Oil will incur exploration costs recorded in the income statement of MUSD 8.0. The exploration costs are related to exploration wells on Blocks 3&4 drilled in 2018 and 2019 and have subsequently been deemed uneconomic. Exploration and appraisal costs are capitalised as they are incurred and subject to regular review. Dry or uneconomic wells are expensed when the recoverability of the costs is deemed highly unlikely.

The cash impact of the MUSD 8.0 exploration cost in the fourth quarter was MUSD 1.5 and was included in oil and gas investments. The balance of the expenditure has been booked as oil and gas investments in previous periods. The exploration cost has no tax effect for the group and the expenditure will be recovered through cost oil under the terms of the EPSA.

Tethys Oil will publish the fourth quarter and year-end report of 2019 on Tuesday 11 February 2020.

### For further information, please contact

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*This information is information that Tethys Oil AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 19:00 CET on 6 February 2020.*

### **Tethys Oil AB (publ)**

*Tethys Oil is a Swedish oil company with focus on onshore areas with known oil discoveries. Tethys Oil's core area is Oman, where the company holds 2P reserves of 25 mmbo and 2C Contingent Resources of 13 mmbo and had an average oil production of 11,767 barrels per day from Blocks 3&4 during 2018. Tethys Oil also has onshore exploration licences in Lithuania and France and some production in Lithuania. The shares are listed on Nasdaq Stockholm (TETY). Website: [www.tethysoil.com](http://www.tethysoil.com)*