

## First quarter report - 31 March 2020

### First quarter 2020 (fourth quarter 2019)

- Production from Blocks 3&4, Oman, at 13,032 barrels per day (13,475 barrels per day)
- Revenue and other income of MUSD 37.3 (MUSD 36.2)
- EBITDA of MUSD 21.9 (MUSD 21.3)
- Net result of MUSD 12.1 (MUSD -0.3)
- Earnings per share amounted to USD 0.35 (USD -0.01)
- Free cash flow MUSD 9.2 (MUSD 4.9)
- Net cash MUSD 78.0 (MUSD 75.1)
- **Blocks 3&4: Production limitations imposed until end of 2020**
- **Blocks 3&4: Seismic acquisition on the northern part of Blocks 3&4 completed**
- **Block 56: Final government approval of farm-in transaction received**

MUSD (unless specifically stated)	First quarter 2020	Fourth quarter 2019	First quarter 2019	Full year 2019
Net daily production from Oman, Blocks 3&4 before government take (barrels per day)	13,032	13,475	11,901	12,832
Net entitlement barrels (bbl)	585,801	592,164	556,967	2,383,086
Net entitlement as share of production (percent)	49	48	52	51
Average selling price per barrel, USD	63.1	61.4	61.6	64.2
Revenue and other income	37.3	36.2	32.7	150.8
EBITDA	21.9	21.3	17.2	92.9
Operating result	9.2	0.7	5.6	37.1
Net result for the period	12.1	-0.3	6.4	38.3
Earnings per share (after dilution), USD	0.35	-0.01	0.19	1.12
Net cash	78.0	75.1	82.7	75.1
Investments in oil and gas properties	15.4	26.2	11.6	65.2

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

Tethys Oil is a Swedish oil company with focus on onshore areas with known oil discoveries. The company's core area is the Sultanate of Oman, where it holds interests in Blocks 3&4, Block 49 and Block 56. Tethys Oil has net working interest 2P reserves of 26.1 mmbo and net working interest 2C Contingent Resources of 13.5 mmbo and had an average oil production of 12,832 barrels per day from Blocks 3&4 during 2019. The company's shares are listed on Nasdaq Stockholm (TETY). Website: [www.tethysoil.com](http://www.tethysoil.com)

## Letter to shareholders

### Dear Friends and Investors,

These are trying times. Almost overnight the world has gone from being a familiar place to becoming an alien world. Whole countries are under lockdown while epidemiologists lead the fight against a potent, invisible enemy. Ordinary activities, such as meeting friends and colleagues, driving your car on a family outing or flying to a business meeting in a foreign city, have become distant memories. And with their curtailment has come an unprecedented collapse of demand for our industry's product, resulting in maybe the sharpest and fastest drop in oil prices ever experienced.

But the world has mobilised vast resources to meet the threat, so sooner or later normality will return. Most likely it will be a different normal, but that new normal will still need energy. And we intend to be there to supply it.

But for now, focus is on the immediate. For Tethys Oil, the safety of our co-workers and partners is a top priority and we have implemented a number of measures, including enabling work from home, to ensure that everyone can continue to live and work safely while minimising the risk of contagion. The operator of Blocks 3&4 has responded strongly by increasing health and safety measures even further to ensure smooth and safe operations under these circumstances.

Financially we are in a good position to weather the price downturn. We are debt free and as at March 31 we had a net cash balance of 78 million dollars. Cash reserves that will support us through also a prolonged price downturn.

Our host country, the Sultanate of Oman, has joined up with a number of oil producing countries, OPEC+, to help stabilise prices by limiting production. The operator of Blocks 3&4 has informed us that we should expect production to be capped at a level equivalent to 30 percent below the first quarter 2020 average, for the remainder of the year. Despite these cuts and the drop in oil prices we remain confident that thanks to our strong result in the first quarter and ongoing cost savings, operations from Blocks 3&4 will be cash flow neutral on a full year basis in 2020. And of course, no oil is lost through the production limitations. We are simply keeping it in the ground, the cheapest form of storage, in order to produce and sell it at higher prices in a, hopefully, not too distant future.

Let us so turn to the quarter under review which was actually a very strong quarter for Tethys Oil. In the quarter, we generated more than 9 million dollars of free cash, the majority of which we distributed directly back to shareholders through an accelerated share buy-back program to a value of 5.8 million dollars. We now own almost 9 percent of our own shares, that our Board of Directors is proposing to the AGM to cancel and thereafter ask for a further mandate to repurchase up to 10 percent of the shares in issue. Even after the buy-backs in the first quarter, we have increased our cash position compared to the year end. In fact, our position is such that, despite the oil price headwinds and production limitations, the board can recommend to the AGM to go ahead with distributing an additional SEK 5 per share to our shareholders.

Production of 13,032 barrels of oil per day in the first quarter was in line with the third quarter 2019 and only three percent lower than the record high fourth quarter 2019. This gives us confidence that we will quickly be able to get back to high production numbers as soon as market circumstances allow.

On the exploration front we completed the large seismic acquisition on the northern part of Blocks 3&4 and will soon start to interpret the seismic to be ready to drill as soon as prices recover.

On Block 49 we are ready to drill an exciting exploration well and here the market downturn has worked in our favour. A tight rig market is rapidly opening up as rigs are being idled with downward pressure on rates as a result.

On our newly acquired Block 56, where we hold a non-operated 20 percent interest, a testing program was successfully completed with oil to surface. We know now that one of the play concepts works, although commerciality is yet to be determined at least in the current price environment. Further south in the block our review of existing seismic has confirmed that play concepts working on Blocks 3&4 could be present also in Block 56 but most likely new seismic will be needed to define drillable prospects.

So, while these may be turbulent times, there is still cause for optimism. The world is fighting an enemy and the world will win and a new normality will arrive. At that time, we are hopeful that our exploration efforts will have borne fruit and that Blocks 3&4 production can be quickly ramped up to supply that new world with the energy needed to make up for lost time!

Stay with us – we are here to stay!

Stockholm in May 2020

Magnus Nordin,  
*Managing Director*

## Production & Operations<sup>1</sup>

Tethys Oil's core area is onshore the Sultanate of Oman ("Oman"), where the Group holds a 30 percent non-operated interest in the exploration and production licence for Blocks 3&4 ("Blocks 3&4"), a 100 percent operated interest in the exploration licence for Block 49 ("Block 49"), and a 20 percent non-operated interest in the exploration licence for Block 56 ("Block 56"). Tethys Oil also has non-operated interests onshore Lithuania via an associated company and in one dormant licence onshore France.

During March 2020 government authorities in the Sultanate of Oman imposed a variety of restrictions on international travel as well as movement within the country in response to the global COVID-19 pandemic. Measures have been put in place to minimise the risk of contagion while still allowing operations to proceed safely. During the quarter, production and drilling operations, as well as oil exports have continued to be undisturbed as a result of the measures.

### **Blocks 3&4**

Tethys Oil's share of production from Blocks 3&4 during the first quarter 2020, before government take, was 1,185,945 barrels of oil, corresponding to 13,032 barrels of oil per day. First quarter 2020 average daily production was 3% lower than the fourth quarter 2019 following temporary production system constraints.

Production	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Blocks 3&amp;4</b>					
Production, before Government take, bbl	1,185,945	1,239,673	1,200,833	1,172,159	1,071,089
Average daily production, barrels per day	13,032	13,475	13,053	12,881	11,901

The main objective of the 2020 work program was to continue the development of the fields through development drilling, maintenance and upgrading of production facilities and infrastructure in addition to continued exploration drilling and seismic acquisition. The focus in the first quarter 2020 was particularly on development drilling and production optimisation. During the quarter a total of 8 production and appraisal wells were drilled on the Blocks. The wells were expected to contribute to a production increase, but following system constraints total production output had to be reduced in the period. Workovers were performed on wells on the Farha South, Shahd and Saiwan East fields. Three rigs and one workover rig have been operating during the quarter and a total of nine wells were completed.

Wells completed Q1 2020 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South Field	Shahd and Saiwan East Fields	Near and far field exploration	Total
Appraisal/Production	3	2	3	-	8
Water injection	-	1	-	-	1
Water source	-	-	-	-	-
Exploration	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>9</b>

### *Exploration activities*

The acquisition of the final seismic in the 2019/2020 survey has been completed. More than 4,000 km<sup>2</sup> of new seismic has been collected, of which the acquisition of the final 2,500 km<sup>2</sup> section was completed in the first quarter 2020. The new seismic covers the entire license area to the north of the Farha South field in Block 3. Multiple leads have been identified within this area, including leads in previously untested oil plays. The data is being processed and will be handed over to the partner group for interpretation later this year. Interpretation of previously acquired seismic on Block 3 is ongoing enhancing our understanding of the prospectivity of the area.

<sup>1</sup> The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil", "Tethys" or the "Group"), in which group Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the first quarter 2020. Segments of the Group are geographical markets.

**Block 49**

On Block 49, the preparations for the drilling of the Thameen (“Precious”) prospect in the north eastern part of the block is ongoing. The Thameen well is planned to be drilled to a depth of close to 4,000 meters to evaluate three potential reservoir targets. Procurement of a majority of equipment and services has been completed with the exception of the contracting of a drilling rig, which is ongoing. Following the recent market developments, prospects for securing a rig at a competitive rate have improved. In parallel seismic interpretations and overall geological modelling of Block 49 continues.

**Block 56**

In late October 2019, Tethys Oil announced having entered into an agreement to acquire a 20 percent interest in the Exploration and Production license covering Block 56 onshore Oman from Biyaq Oilfield Services. At the end of March 2020, Tethys Oil received final government approval for the transaction.

Testing operations of three previously drilled wells have been successfully completed during the quarter and a full evaluation of the test results are ongoing. An active petroleum system with a crude quality of 20-25 degrees API and medium viscosity has been confirmed, although commerciality is yet to be determined. The results would suggest that a proven producing play in the adjacent Block 6 extends into Block 56. A number of undrilled leads within this oil play have been identified and will be subject to further evaluation.

Evaluation of the existing seismic on the block suggests the presence of numerous leads in several different play concepts, including some familiar from Blocks 3&4. New 3D seismic will likely be necessary to further evaluate the leads.

**Revised work program and expenditure***Blocks 3&4*

In early April, in response to the sharp drop in oil prices in March 2020 and increased uncertainty resulting from the effects of the global COVID-19 pandemic, plans were put in place to significantly reduce and defer expenditure on Blocks 3&4 for the remainder of 2020 while maintaining planned production levels and exploration drilling. The effects of these plans were expected to materialise during the second quarter 2020.

Following the Sultanate of Oman’s participation in the OPEC+ agreement on production limitations announced on the 13 April 2020, Tethys Oil has been informed by the operator that Blocks 3&4 will be subject to production limitations for the remainder of 2020. Tethys Oil’s net share of the production quota, before government take, for May-June 2020 will be 8,700 barrels per day and for the period July to December 2020, 9,300 barrels per day. As a result of the production limitations, further cost reductions and deferrals are planned, aimed at ensuring the operations on Blocks 3&4 remain, at minimum, cash flow neutral for the full year at current market conditions. The plans will include a reduction of development activities, such as production drilling, while still ensuring that production could be ramped up quickly should the production limitations be lifted.

*Block 49 & Block 56*

On Tethys Oil’s 100 percent operated Block 49 there have been no changes to the plans for 2020 which includes the drilling of a first exploration well. Tethys Oil does not foresee any of the current COVID-19 imposed restrictions impacting its ability to proceed as planned.

On Block 56 there has been no change in the work program for 2020.

## Financial Review

### Income Statement

#### Production entitlement and sales

Tethys Oil's revenue derives from its 30 percent interest in Blocks 3&4. The basis for the revenue is its share of the joint operation's entitlement production, which is the oil net of the government's take. The production entitlement ("Net Entitlement") is made up of Cost Oil and Profit Oil. The Cost Oil is determined by the availability of recoverable costs spent in the period and the balance of unrecovered historical cost ("the Cost Pool") and capped to a fixed share of total production in the period. What remains after the deduction of Cost Oil is Profit Oil, the majority of which is the government's take according to a fixed percentage.

During the first quarter 2020 the level of production, value of recoverable costs incurred by Tethys Oil and its partners and achieved oil price resulted in a Net Entitlement of 49 percent of total production compared to 48 percent in the fourth quarter 2019. Under current oil price conditions, production limitations and expected expenditure the Net Entitlement share of production will be 52 percent. It is also likely that not all costs will be recovered in the year, leaving a balance of unrecovered costs in the Cost Pool at year end.

Production entitlement and sales	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Blocks 3&amp;4</b>					
Production, before Government take, bbl	1,185,945	1,239,673	1,200,833	1,172,159	1,071,089
Net Entitlement barrels, bbl	585,801	592,164	624,433	609,523	556,967
Net Entitlement share of production, percent	49	48	52	52	52
Oil sold (bbl)	808,389	449,073	635,947	561,077	613,752
Underlift/overlift movement, bbl	-222,588	143,091	-11,514	48,446	-56,785
Underlift/overlift, closing position, bbl	-65,267	157,321	14,230	25,744	-22,702

During the first quarter 2020, Tethys Oil sold 808,389 barrels of oil from Blocks 3&4 compared to 449,073 barrels of oil sold, during the fourth quarter 2019. The first quarter sales volume included 180,351 barrels nominated for lifting in December 2019 that were lifted in early January 2020.

Oil sale volumes are nominated two months in advance and are not based upon the actual production in a month; as a result, the Group's oil sales volumes can be above or below production entitlement volumes. Where the oil sales volume exceeds the volume of entitlement barrels produced, an overlift position occurs and where it is less, an underlift position occurs. Tethys Oil is contractually obliged to maintain a neutral under-/overlift position over time. Tethys Oil's lifting position changed during the first quarter to an overlift position at 31 March 2020, which amounted to 65,267 barrels from an underlift position of 157,321 barrels at 31 December 2019.

Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. Tethys Oil's monthly sales is priced using Oman's Official Selling Price (OSP) which is calculated using 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.

## Revenue and other income

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

The average selling price during the first quarter 2020 amounted to USD 63.1 per barrel, up USD 1.7 from USD 61.4 during the fourth quarter 2019. Due to the 2-month lag in the calculation of the OSP, as outlined above, the sharp drop in oil prices starting March 2020 will be realised in achieved prices in the second quarter 2020.

Revenue and Other income	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Achieved Oil Price, USD/bbl	63.1	61.4	65.4	67.8	61.6
Revenue, MUSD	51.0	27.6	41.6	38.1	37.8
Underlift/Overlift adjustment, MUSD	-13.7	8.6	-0.9	3.2	-5.1
<b>Revenue and other income, MUSD</b>	<b>37.3</b>	<b>36.2</b>	<b>40.7</b>	<b>41.3</b>	<b>32.7</b>

Revenue in the first quarter 2020 was MUSD 51.0 compared to MUSD 27.6 in the fourth quarter 2019. The adjustment for the increased overlift position in the first quarter 2020 amounted to MUSD -13.7. Revenue and other income in the first quarter 2020 amounted to MUSD 37.3 compared to MUSD 36.2 in the fourth quarter 2019. The increase is primarily due to higher achieved oil price and higher production entitlement.

## Operating expenses

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

Operating expenses	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Production costs, MUSD	12.7	12.3	11.0	11.0	12.8
Well workovers, MUSD	1.0	0.9	1.1	1.0	1.4
<b>Total operating expenses, MUSD</b>	<b>13.7</b>	<b>13.2</b>	<b>12.1</b>	<b>12.0</b>	<b>14.2</b>
Operating expenses per barrel, USD	11.6	10.7	10.1	10.2	13.3

Operating expenses, including costs for well workovers and interventions, for the first quarter 2020 amounted to MUSD 13.7 and were higher than the fourth quarter 2019 when operating expenditure amounted to MUSD 13.2. The increased cost was mainly in operator overheads in part relating to yearly bonus and benefit payments. Increased opex per barrel was a consequence of the higher total cost and a decrease in production compared to the fourth quarter 2019.

## Depletion, depreciation and amortisation

DD&A	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
DD&A, MUSD	12.7	12.6	12.2	11.4	11.5
DD&A per barrel, USD	10.7	10.1	10.1	9.7	10.8

Depletion, depreciation and amortisation ("DD&A") during the first quarter 2020 amounted to MUSD 12.7, compared to MUSD 12.6 in the fourth quarter 2019 due to lower production offset by an increased DD&A rate.

## Exploration Costs

There have been no exploration costs expensed for the first quarter 2020 compared to MUSD 8.0 for fourth quarter 2019.

## Administrative expenses

Administrative expenses for the first quarter 2020 amounted to MUSD 1.7 compared to MUSD 1.7 during the fourth quarter 2019. Administrative expenses mainly relate to staff, rents, listing costs and external services.

## Operating result and EBITDA

The operating result in the first quarter 2020 amounted to MUS\$ 9.2 compared to MUS\$ 0.7 in the fourth quarter 2019. The increase in operating result was mainly due to the absence of exploration costs. Earnings before interest and depreciation and amortisation (EBITDA) amounted to MUS\$ 21.9 in the first quarter 2020 (MUS\$ 21.3).

## Net financial result

The net financial result during the first quarter 2020 amounted to MUS\$ 2.9 compared to MUS\$ -1.0 during the fourth quarter 2019. The net financial result for the first quarter 2020 primarily related to currency exchange effects. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash related items.

## Tax

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

## Result

Tethys Oil reports a net result after tax for the first quarter 2020 of MUS\$ 12.1, representing earnings per share (after dilution) of USD 0.35. The result for the first quarter 2020 has increased compared to the fourth quarter 2019 when the net result amounted to MUS\$ -0.3, with earnings per share (after dilution) of USD -0.01.

## Netback

Netback, USD per barrel	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Oil price achieved (sales barrels)	63.1	61.4	65.4	67.8	61.6
Net revenue (after government take)	31.2	29.3	34.0	35.2	32.1
Operating expenses	11.6	10.7	10.1	10.2	13.3
<b>Netback</b>	<b>19.6</b>	<b>18.6</b>	<b>23.9</b>	<b>25.0</b>	<b>18.8</b>

Netback per barrel increased in the first quarter 2020 compared to the fourth quarter 2019 mainly due to the higher net entitlement and higher oil price achieved.



## Financial position and cash flow

### Assets and equity

The Group's total assets at 31 March 2020 amounted to MUS\$ 308.0 (MUS\$ 300.2) of which MUS\$ 214.7 was oil and gas assets (MUS\$ 211.7). Shareholder's equity at 31 March 2020 was MUS\$ 279.8 compared to MUS\$ 276.3 at 31 December 2019.

Balance Sheet	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
<b>Non-current assets</b>					
Oil & Gas Properties (note 5)	214.7	211.8	204.0	201.7	200.2
Other fixed assets	0.4	0.6	0.7	0.7	0.7
<b>Current Assets</b>					
Other current assets (note 6)	14.7	12.2	19.4	16.2	13.9
Cash & Equivalents	78.2	75.6	72.4	62.5	83.3
<b>Total assets</b>	<b>308.0</b>	<b>300.2</b>	<b>296.5</b>	<b>281.1</b>	<b>298.1</b>
<b>Shareholders' equity</b>	<b>279.8</b>	276.3	273.2	258.3	273.3
Non-current liabilities (note 7,8,9)	10.7	11.0	9.0	9.1	9.3
Current liabilities (note 7, 8,9)	17.5	12.9	14.3	13.7	15.5
<b>Total Equity &amp; Liabilities</b>	<b>308.0</b>	<b>300.2</b>	<b>296.5</b>	<b>281.1</b>	<b>298.1</b>

### Liquidity and financing

Cash in bank as at 31 March 2020 amounted to MUS\$ 78.2 compared to MUS\$ 75.6 as at 31 December 2019. Tethys Oil had no financial debt as of 31 March 2020, unchanged compared to 31 December 2019.

### Cash flow and investments

Cash flow	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Cash Flow from Operations</b>	24.7	27.1	28.9	18.4	21.7
Cash flow from Investments	-15.5	-22.2	-18.5	-12.2	-11.6
<b>Free Cash flow</b>	<b>9.2</b>	<b>4.9</b>	<b>10.4</b>	<b>6.2</b>	<b>10.1</b>
Cash flow from Financing Activities	-5.8	-1.3	0.0	-27.0	0.0
<b>Period Cash Flow</b>	<b>3.4</b>	<b>3.6</b>	<b>10.4</b>	<b>-20.8</b>	<b>10.1</b>

During the first quarter 2020, cash flow from operations amounted to MUS\$ 24.7 (MUS\$ 27.1). Cash investments decreased to MUS\$ 15.5 (MUS\$ 22.2) in part due to the acquisition of the interest in Block 56 last quarter. Cash flow from financing activities, amounted to MUS\$ -5.8 (MUS\$ -1.3) and consisted of repurchased shares. Investments on Blocks 3&4 during the first quarter 2020 were lower than the fourth quarter 2019 due to lower investments in projects and facilities. Free cash flow (cash flow after investments) was MUS\$ 9.2 (MUS\$ 4.9).

### Total investments

Investments, MUS\$	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Drilling	6.6	6.0	6.3	6.6	6.1
G&G	4.8	4.0	3.6	1.3	1.2
Facilities	3.4	6.0	4.3	4.6	4.0
<b>Total investments Blocks 3&amp;4</b>	<b>14.8</b>	<b>16.0</b>	<b>14.2</b>	<b>12.5</b>	<b>11.3</b>
Block 49	0.4	1.6	0.3	0.1	0.3
Block 56	0.2	8.6	-	-	-
<b>Total investments in Oil &amp; Gas assets</b>	<b>15.4</b>	<b>26.2</b>	<b>14.5</b>	<b>12.6</b>	<b>11.6</b>
New ventures/Other	0.1	-4.0	4.0	-0.4	-
<b>Total investments</b>	<b>15.5</b>	<b>22.2</b>	<b>18.5</b>	<b>12.2</b>	<b>11.6</b>

## Parent Company, shares & Dividend

### Parent company

The parent company reports a net result after tax for the first quarter 2020 amounting to MSEK 26.2 compared to MSEK 204.3 for the fourth quarter 2019. Administrative expenses during the first quarter 2020 amounted to MSEK 12.6 compared to MSEK 13.1 for the fourth quarter 2019. The outcome mainly consists of personnel related expenses.

The Net financial result amounted to MSEK 34.6 during the first quarter 2020 compared to MSEK 214.3 for the fourth quarter 2019. Net financial result consists of currency exchange gains related to intercompany loans of MSEK 28.9 and interest income MSEK 5.7.

### Share data

As at 31 March 2020, the number of issued shares in Tethys Oil amounted to 36,294,960, with a quota value of SEK 0.17. All shares represent one vote each. At the end of the first quarter 2020, Tethys Oil held 3,135,266 of its own shares in treasury, equivalent of 8.6 percent of the shares in issue.

During the first quarter a total of 1,181,103 Tethys Oil shares were repurchased. A further 103,086 shares were purchased after the close of the first quarter bringing the total number of treasury shares to 3,238,352, equivalent to 8.9 percent of the shares in issue, at the publication of the report. The board of directors has proposed to the AGM to cancel all the treasury shares (3,238,352), as well as a proposal for a renewed mandate to repurchase up to 10% of the issued shares.

Tethys Oil currently has three active warrant-based incentive programmes for employees, (for further information please see Note 10) which, if exercised can result in the issuance of up to 1,130,500 shares (3 percent of current shares in issue). As the average subscription price for three tranches of the incentive programme were below the share price for most of the first quarter 2020, the dilution effects of the warrants included in the weighted average number of shares after dilution, was limited. In the first quarter 2020 the weighted average number of shares outstanding (before dilution) was 34,114,223 and the weighted number of shares outstanding (after dilution) was 34,140,779.

### Dividend and Distribution

The Board of Directors proposes a dividend for the financial year 2019 of SEK 2.00 per share (AGM 2019: SEK 2.00). As the record date for the dividend, the Board of Directors proposes May 15, 2020. If the Meeting approves the proposal, the dividend is expected to be paid through Euroclear Sweden AB on May 20, 2020

The board of directors proposes an extraordinary distribution to shareholders of SEK 3.00 per share by way of a mandatory share redemption programme following the AGM 2020 (AGM 2019: SEK 6.00). Further details can be found in the full proposal to the 2020 AGM.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

MUSD	Note	First quarter 2020	First quarter 2019	Full year 2019
<b>Revenue and other income</b>	3	<b>37.3</b>	<b>32.7</b>	<b>150.8</b>
Operating expenses		-13.7	-14.2	-51.6
<b>Gross profit</b>		<b>23.6</b>	<b>18.5</b>	<b>99.2</b>
Depletion, depreciation and amortisation	5	-12.7	-11.5	-47.6
Exploration costs		-	0.0	-8.2
Share of net profit/loss from associates		-	-	0.7
Administrative expenses	10	-1.7	-1.4	-7.0
<b>Operating result</b>		<b>9.2</b>	<b>5.6</b>	<b>37.1</b>
<b>Net financial result</b>	4	<b>2.9</b>	<b>0.8</b>	<b>1.2</b>
<b>Result before tax</b>		<b>12.1</b>	<b>6.4</b>	<b>38.3</b>
Income tax		-	-	-
<b>Net Result</b>		<b>12.1</b>	<b>6.4</b>	<b>38.3</b>
<b>Other comprehensive result</b>				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences		-2.8	-0.7	-1.6
<b>Other comprehensive result</b>		<b>-2.8</b>	<b>-0.7</b>	<b>-1.6</b>
<b>Total comprehensive result</b>		<b>9.3</b>	<b>5.7</b>	<b>36.7</b>
Attributable to:				
Shareholders in the parent company		<b>9.3</b>	<b>5.7</b>	<b>36.7</b>
Non-controlling interest		-	-	-
Number of shares at period end		36,294,960	35,896,310	36,294,960
Weighted average number of shares (before dilution)		34,114,223	34,252,147	34,222,908
Weighted average number of shares (after dilution)		34,140,779	34,321,943	34,302,921
Earnings per share (before dilution), USD		0.35	0.19	1.12
Earnings per share (after dilution), USD		0.35	0.19	1.12

**CONSOLIDATED BALANCE SHEET IN SUMMARY**

MUSD	Note	31 Mar 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	5	214.7	211.7
Other fixed assets		0.4	0.6
		<b>215.1</b>	<b>212.3</b>
<b>Current assets</b>			
Other receivables	6	14.3	12.0
Prepaid expenses		0.4	0.3
Cash and cash equivalents		78.2	75.6
		<b>92.9</b>	<b>87.9</b>
<b>TOTAL ASSETS</b>		<b>308.0</b>	<b>300.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		0.8	0.8
Additional paid in capital		76.3	76.3
Reserves		-4.8	-1.9
Retained earnings		207.5	201.1
<b>Total shareholders' equity</b>		<b>279.8</b>	<b>276.3</b>
<b>Non-current liabilities</b>			
Non-current provisions	7	9.7	9.6
Other non-current liabilities	8,9	1.0	1.4
		<b>10.7</b>	<b>11.0</b>
<b>Current liabilities</b>			
Accounts payable and other current liabilities	8,9	17.5	12.9
		<b>17.5</b>	<b>12.9</b>
<b>Total liabilities</b>		<b>28.2</b>	<b>23.9</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>308.0</b>	<b>300.2</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

Attributable to shareholders of the parent company					
MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
<b>Opening balance 1 January 2019</b>	<b>0.8</b>	<b>74.0</b>	<b>-0.3</b>	<b>193.1</b>	<b>267.6</b>
Result for twelve months 2019	-	-	-	38.3	38.3
Currency exchange differences twelve months 2019	-	-	-1.6	-	-1.6
<b>Total comprehensive result</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.6</b>	<b>38.3</b>	<b>36.7</b>
<b>Transactions with owners</b>					
Share issue	0.0	2.3	-	-	2.3
Purchase of own shares	-	-	-	-2.1	-2.1
Dividend	-	-	-	-7.1	-7.1
Share redemption	-	-	-	-21.4	-21.4
Incentive programme	-	-	-	0.3	0.3
<b>Total transactions with owners</b>	<b>0.0</b>	<b>2.3</b>	<b>0.0</b>	<b>-30.3</b>	<b>-28.0</b>
<b>Closing balance 31 December 2019</b>	<b>0.8</b>	<b>76.3</b>	<b>-1.9</b>	<b>201.1</b>	<b>276.3</b>
<b>Opening balance 1 January 2020</b>	<b>0.8</b>	<b>76.3</b>	<b>-1.9</b>	<b>201.1</b>	<b>276.3</b>
Result for three months 2020	-	-	-	12.1	12.1
Currency exchange differences three months 2020	-	-	-2.9	0.1	-2.8
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-2.9</b>	<b>12.2</b>	<b>9.3</b>
<b>Transactions with owners</b>					
Share issue	-	-	-	-	0.0
Purchase of own shares	-	-	-	-5.8	-5.8
Dividends paid	-	-	-	-	0.0
Share redemption	-	-	-	-	0.0
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-0.0</b>	<b>-5.8</b>	<b>-5.8</b>
<b>Closing balance 31 March 2020</b>	<b>0.8</b>	<b>76.3</b>	<b>-4.8</b>	<b>207.5</b>	<b>279.8</b>

**CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY**

MUSD	Note	First quarter 2020	First quarter 2019	Full year 2019
<b>Cash flow from operations</b>				
Operating result		9.2	5.6	37.1
Interest received	4	-	0.0	0.8
Interest paid		-	-	-0.0
Adjustment for exploration costs		-	0.0	8.2
Adjustment for depletion, depreciation and other non-cash related items		13.4	11.7	46.0
<b>Total cash flow from operations before change in working capital</b>		<b>22.6</b>	<b>17.3</b>	<b>92.1</b>
Change in receivables		-2.5	4.6	5.9
Change in liabilities		4.6	-0.2	-2.0
<b>Cash flow from operations</b>		<b>24.7</b>	<b>21.7</b>	<b>96.0</b>
<b>Investment activity</b>				
Investment in oil and gas properties	5	-15.4	-11.6	-65.2
Investment in other fixed assets		-0.1	0.0	-0.1
Cash from associated companies, net		-	-	0.7
<b>Cash flow from investment activity</b>		<b>-15.5</b>	<b>-11.6</b>	<b>-64.6</b>
<b>Financing activity</b>				
Share issue		-	-	2.3
Purchase of own shares		-5.8	-	-2.1
Dividend		-	-	-7.1
Share redemption		-	-	-21.4
<b>Cash flow from financing activity</b>		<b>-5.8</b>	<b>0.0</b>	<b>-28.3</b>
<b>Period cash flow</b>		<b>3.4</b>	<b>10.1</b>	<b>3.1</b>
Cash and cash equivalents at the beginning of the period		75.6	73.1	73.1
Exchange gains/losses on cash and cash equivalents		-0.8	0.1	-0.6
<b>Cash and cash equivalents at the end of the period</b>		<b>78.2</b>	<b>83.3</b>	<b>75.6</b>

**KEY RATIOS**

<b>Group</b>	<b>First quarter 2020</b>	<b>First quarter 2019</b>	<b>Full year 2019</b>
<b>Operational items</b>			
Production before government take, Oman Blocks 3&4, bbl	1,185,945	1,071,089	4,683,754
Production per day, Oman Blocks 3&4, bbl	13,032	11,901	12,832
Net sales after government take, bbl	808,389	613,752	2,259,849
Achieved oil price, USD/bbl	63.1	61.6	64.2
<b>Income statement and balance sheet</b>			
Revenue and other income, MUSD	37.3	32.7	150.8
EBITDA, MUSD	21.9	17.2	92.9
EBITDA-margin	59%	52%	62%
Operating result, MUSD	9.2	5.6	37.1
Operating margin	25%	17%	25%
Net result, MUSD	12.1	6.4	38.3
Net margin	32%	19%	25%
Cash and cash equivalents, MUSD	78.2	83.3	75.6
Shareholders' equity, MUSD	279.8	273.3	276.3
Balance sheet total, MUSD	308.0	298.1	300.2
<b>Capital structure</b>			
Equity ratio	91%	92%	92%
Leverage ratio	neg.	neg.	neg.
Investments in oil and gas properties, MUSD	15.4	11.6	65.2
Net cash, MUSD	78.0	82.7	75.1
<b>Profitability</b>			
Return on shareholders' equity			14.1%
Return on capital employed			14.7%
<b>Other</b>			
Average number of full-time employees	22	22	23
Distribution per share, SEK	-	-	8.00
Cash flow from operations per share, USD	0.68	0.60	2.64
Number of shares at period end, '000	36,295	35,896	36,295
Shareholders' equity per share, USD	7.71	7.61	7.61
Weighted average number of shares (before dilution), '000	34,114	34,252	34,223
Weighted average number of shares (after dilution), '000	34,141	34,322	34,303
Earnings per share before dilution, USD	0.35	0.19	1.12
Earnings per share after dilution, USD	0.35	0.19	1.12

*For definitions of key ratios, please refer to the 2019 Annual Report.*

**Key quarterly data**

	<b>Q1 2020</b>	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net daily production before government take. Blocks 3&4, bbl	13,032	13,475	13,053	12,881	11,901	11,898	11,857	11,733
Barrels sold, bbl	808,389	449,073	635,947	561,077	613,752	542,596	579,360	529,194
Revenue and other income, MUSD	37.3	36.2	40.7	41.3	32.7	44.4	42.3	36.4
EBITDA, MUSD	21.9	21.3	26.6	27.9	17.2	30.8	30.1	24.3
Cash flow from operations, MUSD	24.7	27.1	28.9	18.4	21.7	29.3	37.6	14.4
Earnings per share after dilution, USD	0.35	-0.01	0.44	0.51	0.19	0.65	0.53	0.44
Share price, end of period, SEK	47.7	84.4	78.3	74.5	75.8	64.8	97.8	101.4

*For definitions of key ratios, please refer to the 2019 Annual Report.*

**Relevant reconciliations of alternative performance measures**

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and the Board of Directors to measure Tethys Oil's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Besides the definitions below, definitions of alternative performance measures can be found in the 2019 Annual Report.

	<b>First quarter 2020</b>	First quarter 2019	<b>Full year 2019</b>
MUSD			
Operating result	9.2	5.6	37.1
Add: Depreciation, depletion and amortization	12.7	11.5	47.6
Add: Exploration costs	0.0	0.1	8.2
<b>EBITDA</b>	<b>21.9</b>	<b>17.2</b>	<b>92.9</b>
Cash and bank	78.2	83.3	75.6
Less: Interest bearing debt	-0.2	-0.6	-0.5
<b>Net cash</b>	<b>78.0</b>	<b>82.7</b>	<b>75.1</b>



**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

MSEK	Note	First quarter 2020	First quarter 2019	Full year 2019
Other income		4.2	1.8	10.7
Share of net profit/loss from associates		-	-	6.4
Administrative expenses	10	-12.6	-7.6	-43.1
<b>Operating result</b>		<b>-8.4</b>	<b>-5.8</b>	<b>-26.0</b>
Net financial result	4	34.6	10.5	303.6
<b>Result before tax</b>		<b>26.2</b>	<b>4.7</b>	<b>277.6</b>
Income tax		-	-	-
<b>Result for the period*</b>		<b>26.2</b>	<b>4.7</b>	<b>277.6</b>

\* 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 IN SUMMARY**

MSEK	Note	31 Mar 2020	31 Dec 2019
<b>ASSETS</b>			
Total non current assets		316.5	447.2
Total current assets		196.2	26.3
<b>TOTAL ASSETS</b>		<b>512.7</b>	<b>473.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Restricted shareholders' equity		77.1	77.1
Unrestricted shareholders' equity		349.5	382.4
Total current liabilities		86.1	14.0
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>512.7</b>	<b>473.5</b>

## NOTES

### General information

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

### Accounting principles

The first quarter 2020 report of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter report 2020 of the Company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 “Accounting for legal entities”, issued by the Swedish Financial Accounting Standards Council.

The accounting principles as described in the 2019 Annual Report have been used in the preparation of this report.

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

Tethys Oil applies the ESMA’s (European Securities and Markets Authority) guidelines for alternative performance measures. Definitions of performance measures are provided in the 2019 Annual Report and the relevant reconciliations can be found on 16 of this report.

### Exchange rates

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

Currency	31 March 2020		31 December 2019	
	Average	Period end	Average	Period end
SEK/USD	9.72	10.08	9.51	9.48
SEK/EUR	10.74	11.08	10.66	10.55

The Group is exposed to fluctuations in the foreign exchange markets as fluctuations in exchange rates can negatively affect the result, cash flow and equity. The major proportion of the Group’s assets relate to international oil and gas discoveries valued in USD and which generate revenues in USD. During the first quarter 2020, all of Tethys Oil’s oil sales and operating expenditures were denominated in USD.

### Fair value

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

#### *IFRS 9 valuation categories and related balance sheet items*

MUSD	31 March 2020			31 December 2019		
	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	14.3	-	-	12.0	-
Cash and bank	-	78.2	-	-	75.6	-
Other non current liabilities	-	-	-	-	-	1.4
Accounts payables and other current liabilities	-	-	17.5	-	-	12.9

### Note 1) Risks and uncertainties

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

*Operational risk*

At its current stage of development, Tethys Oil is commercially producing oil and also exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil in all parts of operations as income and profitability is and will be dependent on prevailing prices. Significantly lower oil prices will reduce current and expected cash flows and profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farm-out or sale of assets. There are no oil price hedges in place as at 31 March 2020.

In recent years OPEC and associated countries have, from time to time, agreed to voluntary production limitations. Oman has in the past participated in such agreements. Going forward Tethys Oil cannot rule out the risk of such limitations impacting its oil and gas production and sales.

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

*Financial risk*

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

*COVID-19 Risks*

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

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

The impact of the COVID-19 pandemic and the restrictions on movement and travel that have been implemented has had a significant effect on global economic activity and demand for oil during the first and second quarters of 2020. Oil producers have been unable to reduce output at the same pace as demand has fallen resulting in a significant imbalance in supply and demand for oil. As a result of the supply/demand imbalance, oil prices have, on average, fallen by 70 percent since the start of the year and certain crude oil qualities have traded at negative prices, albeit for short periods of time.

The COVID-19 outbreak's impact on the economy and energy prices, and the risk to Tethys Oil's ability to conduct its operations profitably and without disruption is currently subject to significant uncertainty. The lower oil prices will impact Tethys Oil's profitability and cash flows in 2020 and potentially beyond. Given the uncertainty surrounding how long the current negative conditions will prevail it cannot be ruled out that oil prices remain at or below the current levels and thus have a longer-term impact on the group's profitability and financial standing. Should lower oil prices persist the risk of an impairment of the Group's oil and gas assets cannot be ruled out.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2019 Annual Report.

**Note 2) Segment reporting**

The Group's accounting principle for segments describes that operating segments are based on geographic perspective. The operating result for each segment is presented below.

Group income statement Jan-Mar 2020					
MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue and other income	37.3	-	-	-	37.3
Operating expenses	-13.7	-	-	-	-13.7
Depreciation, depletion and amortisation	-12.7	-	0.0	-	-12.7
Exploration costs	-	-	-	-	0.0
Share of net profit/loss from associates	-	-	-	-	0.0
Administrative expenses	-0.3	-	-1.2	-0.2	-1.7
<b>Operating result</b>	<b>10.6</b>	<b>0.0</b>	<b>-1.2</b>	<b>-0.2</b>	<b>9.2</b>
<b>Total financial items</b>					<b>2.9</b>
<b>Result before tax</b>					<b>12.1</b>
Income tax					-
<b>Result for the period</b>					<b>12.1</b>

Group income statement Jan-Mar 2019					
MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue and other income	32.7	-	-	-	32.7
Operating expenses	-14.2	-	-	-	-14.2
Depreciation, depletion and amortisation	-11.5	-	0.0	-	-11.5
Exploration costs	-	-	0.0	-	0.0
Share of net profit/loss from associates	-	-	-	-	0.0
Administrative expenses	-0.6	-	-0.8	0.0	-1.4
<b>Operating result</b>	<b>6.5</b>	<b>0.0</b>	<b>-0.9</b>	<b>0.0</b>	<b>5.6</b>
<b>Total financial items</b>					<b>0.8</b>
<b>Result before tax</b>					<b>6.4</b>
Income tax					-
<b>Result for the period</b>					<b>6.4</b>

**Note 3) Revenue and other income**

MUSD	First quarter 2020	First quarter 2019	Full year 2019
Revenue	51.0	37.8	145.0
Underlift/overlift adjustments	-13.7	-4.1	5.8
Overlift adjustment Export Reporting Error	-	-1.0	-
<b>Revenue and other income</b>	<b>37.3</b>	<b>32.7</b>	<b>150.8</b>

Tethys Oil sells all of its oil to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3&4 Oman and made on a monthly basis. Tethys Oil's average selling price 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 4) Net financial result**

Group	First quarter 2020	First quarter 2019	Full year 2019
<b>MUSD</b>			
Financial income:			
Interest income	0.1	0.3	0.8
Currency exchange gain, net	3.0	0.6	0.9
Other financial income	-	-	-
Financial costs:			
Interest costs	0.0	-0.0	-0.0
Currency exchange loss, net	-	-	-
Other financial costs	-0.2	-0.1	-0.5
<b>Net financial result</b>	<b>2.9</b>	<b>0.8</b>	<b>1.2</b>

Parent company	First quarter 2020	First quarter 2019	Full year 2019
<b>MSEK</b>			
Financial income:			
Interest income	5.7	4.7	18.3
Currency exchange gain, net	28.9	5.9	8.7
Dividend group companies	-	-	276.8
Financial costs:			
Interest costs	-	-0.1	-0.2
Currency exchange loss, net	-	-	-
Other financial costs	-	-0.0	0.0
<b>Net financial result</b>	<b>34.6</b>	<b>10.5</b>	<b>303.6</b>

**Note 5) Oil and gas properties**

Country	Licence	Phase	Tethys Oil's share	31 Mar 2020	Investments	Other non-cash adjustments	DD&A	Write-offs	1 Jan 2020
Oman	Blocks 3&4	Prod.	30%	197.1	14.8	-	-12.5	-	194.8
Oman	Block 49	Expl.	100%	8.4	0.4	-	-	-	8.0
Oman	Block 56	Expl.	20%	8.8	0.2	-	-	-	8.6
France	Attila	Expl.	40%	0.0	-	-	-	-	0.0
New ventures				0.3	-	-	-	-	0.3
<b>Total</b>				<b>214.7</b>	<b>15.4</b>	<b>-</b>	<b>-12.5</b>	<b>-</b>	<b>211.7</b>

**Note 6) Other receivables**

MUSD	31 Mar 2020	31 Dec 2019
VAT	0.1	0.0
Receivables Oil sales	14.2	2.5
Underlift position	-	9.5
Other	0.0	0.0
<b>Total</b>	<b>14.3</b>	<b>12.0</b>

**Note 7) Provisions**

Tethys Oil estimates that its share of site restoration regarding Blocks 3&4 amounts to MUSD 9.7 (MUSD 9.6). As a consequence of this provision, oil and gas properties have increased by an equal amount.

**Note 8) Other non-current liabilities**

Tethys Oil has a non-current liability of MUSD 0.8 relating to the Export Reporting Error. Since final settlement has been agreed in the first quarter 2019, the outstanding amounts are now treated as liabilities as opposed to provisions in previous year.

**Note 9) Accounts payable and other current liabilities**

MUSD	31 Mar 2020	31 Dec 2019
Accounts payable	0.1	0.4
Operator balance. Oman Blocks 3&4	11.3	10.8
Overlift position	4.2	-
Other current liabilities	1.9	1.7
<b>Total</b>	<b>17.5</b>	<b>12.9</b>

**Note 10) Incentive programme**

Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants have been issued annually since 2015, following a decision by the respective AGM. No warrants were issued or exercised during the first quarter 2020.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants				31 Mar 2020
				1 Jan 2020	Issued 2020	Exercised 2020	Expired 2020	
2017 incentive programme	30 May – 2 Oct. 2020	75.10	1.14	350,000	-	-	-	350,000
2018 incentive programme	1 Jun – 2 Oct. 2021	81.70	1.09	350,000	-	-	-	350,000
2019 incentive programme	1 Jun – 2 Oct. 2022	78.50	1.00	350,000	-	-	-	350,000
<b>Total</b>				<b>1,050,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,050,000</b>

As the subscription price for all the active tranches of the incentive programme were below the average share price during most of the first quarter 2020, the dilution effects of the warrants of these tranches included in the weighted average number of shares (after dilution) were limited. The weighted average number of shares outstanding (after dilution) was 34,140,779 during the first quarter 2020.

**Note 11) Pledged assets**

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

**Note 12) Contingent liabilities**

There are no outstanding contingent liabilities as at 31 March 2020, nor for the comparative period.

**Note 13) Related party transactions**

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

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

**Note 14) Subsequent events**

On April 13 the government of the Sultanate of Oman announced its participation in the OPEC+ oil production limitation agreement and its intention to reduce Oman's oil production by 201,000 barrels per day starting 1 May 2020. Subsequently the Omani government informed all operators of the individual shares of production under the production limitation agreement.

Under the agreement Tethys Oil's share of production, before government take, from Blocks 3&4, Oman will be capped to 8,700 barrels per day in May and June 2020 and to 9,300 barrels per day for July through December 2020.

**FINANCIAL CALENDAR:**

- Annual general meeting 2020 will be held in Stockholm on 13 May 2020. CET 15:00
- Report for second quarter 2020 (January – June 2020) on 11 August 2020
- Report for third quarter 2020 (January – September 2020) on 3 November 2020
- Report for fourth quarter/year-end report 2020 (January – December 2020) on 9 February 2021
- Report for first quarter 2021 (January – March 2021) on 11 May 2021

Stockholm, 5 May 2020

**Tethys Oil AB (publ)**

Org. No. 556615-8266

Magnus Nordin  
Managing Director

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

**For further information, please contact:**

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*This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 CEST on 5 May 2020.*

**CONFERENCE CALL**

**Date:** 5 May 2020

**Time:** 10.00 CET

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

**Link to webcast:** <https://edge.media-server.com/mmc/p/rgioouan>

**To participate via phone, please call:**

Sweden: +46 8 566 426 51

Switzerland: +41 225 809 034

UK: +44 333 300 0804

United States (Toll-Free): +1 855 857 0686

PIN: 50420515#