

## First quarter report - 31 March 2019

### First quarter 2019 (fourth quarter 2018)

- Production from Blocks 3&4, Oman, amounted to 11,901 bopd (11,898 bopd)
- Revenue and other income of MUSD 32.7 (MUSD 44.4)
- EBITDA of MUSD 17.2 (MUSD 30.8)
- Net result of MUSD 6.4 (MUSD 19.9)
- Earnings per share amounted to USD 0.19 (USD 0.58)
- Exploration well Masarrah-1 on Blocks 3&4 resulted in a new oil discovery
- Additional capacity for gas separation installed at Ulfa EPF after initial start-up issues

MUSD (unless specifically stated)	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full year 2018
Net daily production from Oman, Blocks 3&4 before government take (bbl)	11,901	11,898	11,664	11,767
Net barrels produced, after government take (bbl)	556,967	569,177	541,686	2,233,323
Net barrels sold, after government take (bbl)	613,752	542,596	511,998	2,163,148
Average selling price per barrel, USD	61.6	77.9	63.7	70.5
Revenue and other income	32.7	44.4	34.2	157.3
EBITDA	17.2	30.8	21.5	106.6
Operating result	5.6	19.1	10.3	60.7
Result for the period	6.4	19.9	9.0	62.2
Earnings per share (after dilution), USD	0.19	0.58	0.26	1.82
Net cash	82.7	73.1	52.4	73.1
Investments in oil and gas properties	11.6	16.2	13.8	55.8

### **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)

## Letter to shareholders

### Dear Friends and Investors,

It has been a bit of a mixed quarter for Tethys Oil.

Oil prices increased steadily during 2018 but fell in the last few months. Whilst prices have started to increase again in 2019, there is a two month delay in the oil price achieved by Tethys Oil and as such, we will not benefit from the recovery in prices until the second quarter of 2019. But in spite of the drop in oil price achieved, free cash generation has remained strong and we added close to MUSD 10 to our already solid cash position and ended the quarter with more than MUSD 80 in cash after paying our share of investments on the blocks, which included drilling more than ten wells. A fact that truly underscores the robustness of our core Omani asset! A fact that is further emphasized by our record distribution proposal: we propose to the annual general meeting a dividend and share redemption of MSEK 274 (approximately MUSD 28.9), of which MSEK 240 (approximately MUSD 25.3) is payable in the second quarter 2019.

### Production

Production was at the lower end of our expectations in the first quarter 2018 primarily due to capacity issues at the new Ulfa field production facility, which were not resolved until late in the quarter. Despite these constraints, production amounted to 11,901 bopd and is up compared to the daily average production for 2018!

### Operating expenses

At the end of 2018 we saw an increase in operating expenses due to higher costs in the older parts of the Farha, Saiwan and Shahd fields and from the commencement of production operations from new fields. Following these higher costs, we expect operating expenses per barrel in 2019 to be higher than the USD 10.7 recorded for 2018. However, the operating expenses for the first quarter of 2019 were impacted by certain one-off costs and carry-overs from 2018, and this, along with the constraints to production, resulted in operating expenses per barrel of USD 13.3. With higher production expected in the coming quarters, and operating expenses returning to their forecasted levels, we anticipate that the operating expenses per barrel will decrease towards the levels seen in 2018.

### First quarter financials in focus

Following the lower oil price combined with an unchanged production, our financial results decreased during the quarter. We report revenues and other income of MUSD 32.7, down 26 percent compared with the fourth quarter 2018. Our EBITDA amounted to MUSD 17.2, down 44 percent compared with the fourth quarter 2018. During the quarter, cash flow from operations amounted to MUSD 21.7 and investments in oil and gas amounted to MUSD 11.6. Our net cash position increased from MUSD 73.1 to MUSD 82.7. The result for the period amounted to MUSD 6.4, down from MUSD 19.9 in the fourth quarter 2018.

### Oil price environment

As Tethys Oil's oil sales price is calculated with an effective two-month lag to spot prices, we experienced, as expected, the lower prices from end of 2018 during the first quarter 2019. Our sales price dropped from USD 77.9 per barrel in the fourth quarter 2018 to USD 61.6 per barrel in the first quarter 2019. In January 2019, the prices rebounded, and oil prices we see in the second quarter are almost 10 percent higher than in the first quarter 2019.

### Exploration drilling on Block 3&4

To top the mixed quarter off we even had mixed exploration results. One near field Ulfa/Samah analogue drilled as the Masarrah-1 well resulted in a discovery which now will undergo a long-term production test and has every sign of turning into a new mid-sized Blocks 3&4 field. A far field prospect targeting a non-proven play, the Mahamid-1 well, yielded mixed results. Oil was not encountered in the target formation, but as frequently is the case on Blocks 3&4 onshore Oman, oil was encountered at shallower levels on the way down. The significance of the oil shows in Mahamid-1 are not yet clear, but given the location of the well, just finding oil in this area could turn out to be very interesting indeed.

Exploration remains an important part of the year's work programme with significant seismic acquisitions planned and the drilling of at least three new exploration wells.

**Block 49**

In our 100 percent owned and operated Block 49, onshore western Oman we have just received parts of the processed data from the seismic acquisition conducted in the fourth quarter 2018. Our Block 49 exploration activity for the next couple of months will focus on interpreting that data with a view to finding drillable prospects. We will know much more by the time of the report for the second quarter 2019.

So stay with us, we are confident that the coming quarters will have a better mix.

Stockholm in May 2019

Magnus Nordin  
*Managing Director*

## Operational and Financial Review<sup>1</sup>

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

### Production

#### Blocks 3&4

Tethys Oil's share of production during the first quarter 2019, before government take, was 1,071,089 barrels of oil, corresponding to 11,901 barrels of oil per day ("bopd"). First quarter 2019 average daily production was in line with the fourth quarter 2018, which averaged 11,898 bopd.

Tethys Oil's share of quarterly volumes, before government take (bbls)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Oman, Blocks 3&amp;4</b>					
Production	1,071,089	1,094,572	1,090,880	1,067,695	1,041,704
Average daily production	11,901	11,898	11,857	11,733	11,574

A few factors have impacted production negatively during the first quarter 2019, the most important being constraints in gas handling at the Ulfa EPF. As a consequence, wells at Samha and Ulfa were shut down or put on restricted production. By the end of March 2019, additional capacity for gas separation had been installed, and all wells were back in production. In addition, planned workovers and well interventions, including changes of ESP pumps, were brought forward also causing temporary production disruptions.

#### Production guidance 2019

The production guidance for 2019 remains unchanged with annual average net production from the Company's existing operations on Blocks 3&4 in Oman during 2019 expected to amount to between 12,000-13,000 bopd.

### Revenue and other income

Revenue and other income from Blocks 3&4 are generated from Tethys Oil's share of oil production. Tethys Oil receives its 30 percent interest of the joint operation's share of oil production (currently 52 percent) with the remaining share being government take. The joint operation's share of oil production can vary depending upon the balance of unrecovered cost pools.

Revenue and other income	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Oil sold, bbl	613,752	542,596	579,360	529,194	511,998
Underlift/overlift movement, bbl	-56,785	26,581	-12,102	26,007	29,688
<b>Net barrels produced, after government take, bbl</b>	<b>556,967</b>	<b>569,177</b>	<b>567,258</b>	<b>555,201</b>	<b>541,686</b>
Oil price, USD/bbl	61.6	77.9	74.3	65.6	63.7
Revenue, MUSD	37.8	42.2	43.1	34.7	32.6
Underlift/overlift adjustments, MUSD	-4.1	2.2	-0.8	1.7	1.6
Overlift adjustment Export Reporting Error	-1.0	-	-	-	-
<b>Revenue and other income, MUSD</b>	<b>32.7</b>	<b>44.4</b>	<b>42.3</b>	<b>36.4</b>	<b>34.2</b>

During the first quarter 2019, Tethys Oil sold 613,752 barrels of oil from Blocks 3&4, which is higher than the fourth quarter of 2018 when 542,596 barrels of oil were sold. The sales volumes in the first quarter 2019 have resulted in an overlift position. The movement to an overlift position is due to oil sales volumes being nominated two months in advance and the production being below target during the first quarter 2019.

<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 2019. Segments of the Group are geographical markets.

An adjustment of MUSD 1.0 (the “Additional amount”) has been included in the overlift adjustment following final settlement of the Export Reporting Error. The adjustment does not affect the overlift position in barrels. For further information, please see section “Export Reporting Error” below.

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 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.

The average selling price during the first quarter 2019 amounted to USD 61.6 per barrel, compared to USD 77.9 during the fourth quarter 2018.

Revenue in the first quarter 2019 was MUSD 37.8 compared to MUSD 42.2 in the fourth quarter 2018. The adjustment for the change to an overlift position in the first quarter 2019 amounted to MUSD 5.1, including the Additional amount. Revenue and other income in the first quarter 2019 amounted to MUSD 32.7 compared to MUSD 44.4 in the fourth quarter 2018. The decrease of 27 percent is a result of the decrease in oil selling prices and the Additional amount of MUSD 1.0.

Underlift/overlift, bbls	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Underlift/overlift, movement during period	-56,785	26,581	-12,102	26,007	29,688
Underlift/overlift, closing position	-22,702	34,083	7,501	19,603	-6,404

Oil sale volumes are nominated two months in advance and are not based upon the actual production in a month; as a result, oil sale volumes can be above or below production volumes. Where the sales volume exceeds the volume of barrels produced, an overlift position occurs and where it is less, an underlift position occurs. Underlift/overlift positions are taken into account for future oil sales nominations, aiming at balancing the position. Tethys Oil moved from an underlift position to an overlift position during the first quarter 2019, which as at 31 March 2019 amounted to 22,702 barrels.

### ***Export Reporting Error***

Tethys Oil communicated the Export Reporting Error in a press release on 14 February 2017, with the result being a negative effect on Underlift/Overlift adjustments (Other Income) in the fourth quarter 2016 of MUSD 5.9 and an expected negative undiscounted net cash effect to Tethys Oil of MUSD 1.4. The Export Reporting Error was finally determined in the first quarter 2019 with the consequence of an Additional amount of MUSD 1.0 to be repaid, bringing the total error amount to MUSD 6.9. The Additional amount affects the Underlift/Overlift adjustments (Other income) negatively by MUSD 1.0 in the first quarter 2019 and was payable in April 2019. The Additional amount is included in current liabilities as at 31 March 2019. As a consequence of the Additional amount, the communicated negative undiscounted net cash effect to Tethys Oil of less than MUSD 1.4 at 14 February 2017 is adjusted to a total undiscounted net cash effect of MUSD 1.6. The difference between the total error amount and the undiscounted net cash effect is due to cost recovery of the total amount under applicable agreements.

### **Operating expenses**

Operating expenses, Blocks 3&4	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Production costs, MUSD	12.8	11.3	10.4	10.3	10.6
Well workovers, MUSD	1.4	0.9	0.7	0.8	1.0
<b>Total operating expenses, MUSD</b>	<b>14.2</b>	<b>12.2</b>	<b>11.1</b>	<b>11.1</b>	<b>11.6</b>
Operating expenses per barrel, USD	13.3	11.1	10.1	10.4	11.1

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

Operating expenses, including costs for well workovers and interventions, for the first quarter 2019 amounted to MUSD 14.2 compared to the fourth quarter 2018 operating expenditure of MUSD 12.2. Included in the first quarter 2019 expenses are MUSD 0.6 carried over from 2018.

There is a general increase in operating expenses expected during 2019 compared to the average level in 2018 following the addition of the Ulfa Early Production Facilities (“Ulfa EPF”) and increasing operating expenditure for the older fields. It is however expected that lower unit costs relating to the new Ulfa, Samaha and Erfan fields will partly offset the unit cost increase in the older fields.

Operating expenditures in the first quarter of 2019 are higher than operating expenditure in the fourth quarter 2018 mainly as a result of higher workover activity in the Farha and Shahd fields (MUSD 1.4 vs MUSD 0.9) and costs associated with the Ulfa EPF as described above. The delay in Ulfa production as described under Production above further impacted the operating expenses per barrel.

For the reasons discussed above, the average operating expenditure per barrel for 2019 is expected to be higher than the average operating expenditure per barrel for 2018 of USD 10.7 but considerably lower than the operating expenditure per barrel recorded in the first quarter 2019 of USD 13.3.

### Depletion, depreciation and amortisation

DD&A, Blocks 3&4	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
DD&A, MUSD	11.5	11.7	11.6	11.4	11.2
DD&A per barrel, USD	10.8	10.7	10.7	10.7	10.7

Depletion, depreciation and amortisation (“DD&A”) during the first quarter 2019 amounted to MUSD 11.5, in line with MUSD 11.7 in the fourth quarter 2018.

### Netback

Netback Blocks 3&4, USD/bbl	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Oil price achieved (sales barrels)	61.6	77.9	74.3	65.6	63.7
Revenue (after government take)	32.1	40.5	38.6	34.2	33.1
Operating expenses	13.3	11.1	10.1	10.4	11.1
<b>Netback</b>	<b>18.8</b>	<b>29.4</b>	<b>28.5</b>	<b>23.8</b>	<b>22.0</b>

Netback per barrel decreased in the first quarter 2019 compared to the fourth quarter 2018 due to lower oil prices and higher operating expenses per barrel.

### Administrative expenses

Administrative expenses for the first quarter 2019 amounted to MUSD 1.4 compared to MUSD 1.5 during the fourth quarter 2018. Administrative expenses mainly relate to staff, rents, listing costs and external services.

### Net financial result

The net financial result during the first quarter 2019 amounted to MUSD 0.8 compared to MUSD 0.8 during the fourth quarter 2018. The net financial result for the first quarter 2019 is primarily related to currency exchange effects. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash related items. Other financial costs during the first quarter 2019 amounted to MUSD -0.1, compared to MUSD -0.1 during the fourth quarter 2018.

### 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 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.

### Result

Tethys Oil reports a net result after tax for the first quarter 2019 of MUSD 6.4, representing earnings per share (after dilution) of USD 0.19. The result for the first quarter 2019 has decreased compared to the fourth quarter 2018 when the net result amounted to MUSD 19.9, with earnings per share (after dilution) of USD 0.58.

## Investments and work programme

During the first quarter 2019, total investments amounted to MUSD 11.6 of which MUSD 11.3 related to Blocks 3&4 and MUSD 0.3 to Block 49.

### *Blocks 3&4, Oman*

Investments on Blocks 3&4 during the first quarter 2019 were slightly lower than during the fourth quarter 2018.

Investments Blocks 3&4, MUSD	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Drilling	6.1	6.6	6.0	6.3	6.7
G&G	1.2	1.7	2.6	3.4	3.4
Facilities	4.0	3.3	3.7	3.2	3.5
<b>Total investments Blocks 3&amp;4</b>	<b>11.3</b>	<b>11.6</b>	<b>12.3</b>	<b>12.9</b>	<b>13.6</b>

Three rigs and one workover rig have been operating and a total of twelve wells were completed on the blocks during the first quarter 2019.

The operations during the first quarter 2019 are representative of the 2019 work programme, which focuses on keeping production between 12,000 and 13,000 bopd, continuing to mature the contingent resources into reserves and to find more oil. In the older fields, work has been focused on production optimisation with actions such as well workovers, shifting of pumps etc. At the new Ulfa and Samha fields, production is increasing after some initial start-up issues at the new production facility Ulfa EPF. Exploration drilling continued and one new mid-sized discovery was made.

Wells completed Q1 2019 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South Field	Shahd and Saiwan East Fields	Near and far field exploration	Total
Appraisal/Production	1	5	2	-	8
Water injection	-	2	-	-	2
Water source	-	-	-	-	-
Exploration	-	-	-	2	2
<b>Total</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>12</b>

### *Ulfa, Samha and Erfan Fields*

The appraisal programme of the Ulfa and Samha fields was initiated in the first quarter 2018 with the objective to mature contingent resources into reserves and to optimise plans for future production.

The construction of the Ulfa EPF was finalised in the fourth quarter 2018 and the facility commenced production towards the very end of the year. The EPF includes separators, heater treaters and pipelines. A new pipeline has been constructed to connect the Ulfa EPF with the Saiwan East production facility.

The launch of the Ulfa EPF included some start-up issues, mainly relating to gas handling. As a consequence, wells at Samha and Ulfa were shut in or put on restricted production. As at the end of March 2019, additional capacity for gas separation was installed and these wells are now back in production.

One appraisal/production well, the Ulfa-6 well, was successfully drilled in the first quarter 2019 and encountered oil as expected. Ulfa-6 was drilled to appraise and produce the area between the Ulfa-3 and Ulfa-5 wells, in the central part of the field. The well was completed as a producer from the Khufai formation and was put in production in the early part of the first quarter 2019.

Production data from the wells is being used to optimise production and support the maturation of the contingent resources into reserves.

### *Farha South Field*

The commissioning of the Ulfa EPF has released capacity at the Farha South production facility, enabling new production from the Farha South field to be added. Four new production wells have been drilled on producing

fault blocks on the field. The wells were drilled vertically down to the targeted Barik sandstone and successfully encountered oil. All wells have been connected to the production facility on the field and are producing in line with expectations. One appraisal/production well was drilled in previously undrilled fault block on the field during the first quarter 2019. The well did not encounter oil. In addition, two water injection wells were drilled on the field.

#### *Shahd and Saiman East oil fields*

Two production wells were drilled on the Shahd field, one on each of structures I and B. Both wells encountered oil and have been connected to the production facilities. The well on the Shahd I structure is producing above expectations. The logs from the Shahd B well were in line with expectations, but the well has been producing below expectations. The wells were just recently put on production test, so the results are not yet conclusive.

#### *Exploration on Blocks 3&4*

Two exploration wells that spudded late in the fourth quarter 2018 were completed in the first quarter 2019. The Masarrah-1 well, a near field Ulfa/Samah analogy well, was drilled about 10 km northeast of the Ulfa discovery. The well had good oil shows from target formation Khufai and tested light oil with good flow rates. The well resulted in a new mid-sized oil discovery. The well was completed as a producer from the Khufai formation and will be connected to the production system in the second quarter 2019 for a long-term production test as part of the appraisal of the discovery.

The Mahamid-1 well was drilled about 11 km east of the Farha South infrastructure to explore deeper sections of Block 3. In the target of the well, layers from the cryogenian age, no oil was encountered, but oil was unexpectedly encountered in the shallower Khufai layer. A sidetrack into the Khufai was drilled and tested. However, the oil in the Khufai did not flow to surface. The fact that oil was encountered has opened up a possible new Khufai play. Further evaluation is on-going.

#### *Seismic acquisition*

All seismic data from all areas of the 2018 seismic acquisition programme on Blocks 3&4 has been processed and delivered to the partner group. Interpretation and mapping of the processed data is ongoing.

#### **Block 49, Oman**

In the fourth quarter 2018, a seismic campaign on Block 49 was conducted. 253 km<sup>2</sup> of 3D and 299 km of 2D seismic data were acquired in the north-eastern part of the license area with the purpose to further define possible oil traps and to enhance the understanding of the deeper parts of the block in general. The 2D data has been processed and delivered to Tethys Oil for interpretation and mapping. The 3D data is being processed.

Through the reprocessing of some 1,464 km of older 2D seismic data, acquired by previous operators, a number of seismic anomalies have been identified, which could be possible - primarily stratigraphic - oil traps. The anomalies have been identified within the deeper formations in the block at depths of 2,500 metres or below. After integration of all available data in Tethys Oil's geological model, the presence of source rock as well as potential reservoir rocks have also been confirmed.

#### **New ventures**

In December 2018, Tethys Oil announced that it had entered into an agreement to acquire a two percent participating interest in Block 53 onshore Oman from Total E&P Oman, a wholly-owned subsidiary of Total S.A. Block 53 holds the Mukhaizna oil field, the single largest producing oil field in Oman. The Mukhaizna field is a giant heavy-oil development operated by Occidental Petroleum, with an average gross daily production in excess of 100,000 bopd. The closing of the acquisition was subject to government approval and the waiver of partner pre-emption rights. Tethys Oil was, in the first quarter 2019, informed by the seller that partner pre-emption rights have been exercised, and as a result Tethys Oil will not be able to complete the transaction.

A number of new venture projects have been reviewed and several continue to be evaluated.

#### **Liquidity and financing**

Cash in bank as at 31 March 2019 amounted to MUSD 83.3 compared to MUSD 73.1 as at 31 December 2018.

During the first quarter 2019, cash flow from operations amounted to MUS\$ 21.7 and investments in oil and gas amounted to MUS\$ 11.6. Cash flow from financing activities amounted to MUS\$ 0.0.

The board of directors have proposed to the annual general meeting 2019 a total distribution of MSEK 274 (approximately MUS\$ 28.9), of which MSEK 240 (approximately MUS\$ 25.3) to be paid in the second quarter 2019.

Tethys Oil's operations on Blocks 3&4 and Block 49, including the investment programme, are expected to be funded from cash flow from operations and from available funds. Tethys Oil's operations in Lithuania are expected to be funded from cash flows from operations and available cash in the associated Lithuanian companies.

#### *Export Reporting Error*

An amount of MUS\$ 0.2 was repaid against the balance due for the Exporting Reporting Error (see further section "Export Reporting Error" and Note 7) during the first quarter 2019. The total amount outstanding of MUS\$ 3.8, to be repaid in instalments until 2022 was split into Current liabilities of MUS\$ 2.0, including the Additional amount of MUS\$ 1.0, and Non-current liabilities of MUS\$ 1.8. The Additional amount was payable in April 2019.

#### **Parent company**

The Parent company reports a net result after tax for the first quarter 2019 amounting to MSEK 4.7 compared to MSEK 236.2 for the fourth quarter 2018. Administrative expenses during the first quarter 2019 amounted to MSEK 7.6 compared to MSEK 8.1 for the fourth quarter 2018. The "Net financial result" amounted to MSEK 10.5 during the first quarter 2019 compared to MSEK 242.3 for the fourth quarter 2018. Net financial result mainly consists of currency exchange gains related to intercompany loans of MSEK 10.2 (MSEK 7.7). During the fourth quarter 2018, the Parent company received dividends from subsidiaries amounting to MSEK 230.1.

#### **Share data**

As at 31 March 2019, the number of outstanding shares in Tethys Oil amounted to 35,896,310, with a quota value of SEK 0.17. All shares represent one vote each.

Tethys Oil has a warrant based incentive programme for employees, for further information please see Note 11. As the average subscription price for three tranches of the incentive programme were partly below the average share price during the first quarter 2019, dilution effects of the warrants are included in the weighted average number of shares after dilution, which amounted to 34,321,943 during the first quarter 2019.

As at 31 March 2019, Tethys Oil held 1,644,163 of its own shares, which have been purchased since commencement of the programme during the fourth quarter 2014. The purpose of the repurchasing programme is to optimize the capital structure and to enable any repurchased shares to be used as payment in connection with, or financing of, acquisitions of companies or businesses. No shares were purchased during the first quarter 2019. The repurchased shares are still included in the total number of shares but are not included in the weighted average number of shares. The weighted average number of shares during the first quarter 2019 before dilution is 34,252,147 and after dilution 34,321,943.

From 31 March 2019 and to the date of publication of this report, Tethys Oil has not acquired any further shares.

#### **Seasonal effects**

Tethys Oil has no significant seasonal variations.

#### **Risks and uncertainties**

A statement of risks and uncertainties are presented in Note 1.

#### **Transactions with related parties**

See Note 14 for details of related party transactions.

#### **Significant events after the reporting period**

There have not been any significant events after the period end.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

MUSD	Note	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full year 2018
Revenue		37.8	42.2	32.6	152.6
Underlift/overlift adjustments		-5.1	2.2	1.6	4.7
<b>Revenue and other income</b>	3	<b>32.7</b>	<b>44.4</b>	<b>34.2</b>	<b>157.3</b>
Operating expenses		-14.2	-12.2	-11.6	-45.9
<b>Gross profit</b>		<b>18.5</b>	<b>32.3</b>	<b>22.6</b>	<b>111.4</b>
Depletion, depreciation and amortisation		-11.5	-11.7	-11.2	-45.9
Exploration costs		0.0	-	-	-
Share of net profit/loss from associates		-	-	-	0.9
Administrative expenses	11	-1.4	-1.5	-1.1	-5.7
<b>Operating result</b>		<b>5.6</b>	<b>19.1</b>	<b>10.3</b>	<b>60.7</b>
<b>Net financial result</b>	4	<b>0.8</b>	<b>0.8</b>	<b>-1.3</b>	<b>1.5</b>
<b>Result before tax</b>		<b>6.4</b>	<b>19.9</b>	<b>9.0</b>	<b>62.2</b>
Income tax		-	-	-	-
<b>Result for the period</b>		<b>6.4</b>	<b>19.9</b>	<b>9.0</b>	<b>62.2</b>
<b>Other comprehensive result</b>					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences		-0.7	-0.9	0.9	-3.7
<b>Other comprehensive result for the period</b>		<b>-0.7</b>	<b>-0.9</b>	<b>0.9</b>	<b>-3.7</b>
<b>Total comprehensive result for the period</b>		<b>5.7</b>	<b>19.0</b>	<b>9.9</b>	<b>58.4</b>
Attributable to:					
Shareholders in the parent company		5.7	19.0	9.9	58.4
Non-controlling interest		-	-	-	-
Number of shares at period end		35,896,310	35,896,310	35,543,750	35,896,310
Weighted average number of shares (before dilution)		34,252,147	33,925,541	33,899,587	34,010,616
Weighted average number of shares (after dilution)		34,321,943	34,150,178	34,212,254	34,140,318
Earnings per share (before dilution), USD		0.19	0.59	0.27	1.83
Earnings per share (after dilution), USD		0.19	0.58	0.26	1.82

**CONSOLIDATED BALANCE SHEET IN SUMMARY**

MUSD	Note	31 Mar 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	5	200.2	200.0
Other fixed assets		0.7	0.1
		<b>200.9</b>	<b>200.1</b>
<b>Current assets</b>			
Other receivables	6	13.3	17.9
Prepaid expenses		0.6	0.3
Cash and cash equivalents		83.3	73.1
		<b>97.2</b>	<b>91.3</b>
<b>TOTAL ASSETS</b>		<b>298.1</b>	<b>291.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		0.8	0.8
Additional paid in capital		74.0	74.0
Reserves		-1.0	-0.3
Retained earnings		199.5	193.1
<b>Total shareholders' equity</b>		<b>273.3</b>	<b>267.6</b>
<b>Non-current liabilities</b>			
Non-current provisions	7	7.1	8.9
Other non-current liabilities	8, 9	2.2	-
		<b>9.3</b>	<b>8.9</b>
<b>Current liabilities</b>			
Current provisions	7	-	1.0
Accounts payable and other current liabilities	8, 10	15.5	13.9
		<b>15.5</b>	<b>14.9</b>
<b>Total liabilities</b>		<b>24.8</b>	<b>23.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>298.1</b>	<b>291.4</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 2018</b>	<b>0.8</b>	<b>71.0</b>	<b>3.4</b>	<b>153.3</b>	<b>228.5</b>
<b>Comprehensive income</b>					
Result for twelve months 2018	-	-	-	62.2	62.2
Currency exchange differences twelve months 2018	-	-	-3.7	-	-3.7
<b>Total comprehensive income</b>			<b>-3.7</b>	<b>62.2</b>	<b>58.5</b>
<b>Transactions with owners</b>					
Share issue	0.0	2.9	-	-	2.9
Dividends paid	-	-	-	-7.5	-7.5
Share redemption	-	-	-	-15.1	-15.1
Incentive programme	-	-	-	0.2	0.2
<b>Total transactions with owners</b>	<b>0.0</b>	<b>2.9</b>	<b>0.0</b>	<b>-22.4</b>	<b>-19.4</b>
<b>Closing balance 31 December 2018</b>	<b>0.8</b>	<b>74.0</b>	<b>-0.3</b>	<b>193.1</b>	<b>267.6</b>
<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 three months 2019	-	-	-	6.4	6.4
Currency exchange differences three months 2019	-	-	-0.7	-	-0.7
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-0.7</b>	<b>6.4</b>	<b>5.7</b>
<b>Transactions with owners</b>					
Share issue	-	-	-	-	0.0
Dividends paid	-	-	-	-	0.0
Share redemption	-	-	-	-	0.0
Incentive programme	-	-	-	-	0.0
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-0.7</b>	<b>6.4</b>	<b>5.7</b>
<b>Closing balance 31 March 2019</b>	<b>0.8</b>	<b>74.0</b>	<b>-1.0</b>	<b>199.5</b>	<b>273.3</b>

**CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY**

MUSD	Note	First quarter 2019	Fourth quarter 2018	First Quarter 2018	Full year 2018
<b>Cash flow from operations</b>					
Operating result		5.6	19.1	10.3	60.7
Interest received	4	0.3	0.3	-	0.3
Interest paid		-	0.0	-	0.0
Adjustment for exploration costs		0.0	-	-	-
Adjustment for depletion, depreciation and other non-cash related items		11.4	11.2	10.5	41.7
<b>Total cash flow from operations before change in working capital</b>		<b>17.3</b>	<b>30.6</b>	<b>20.8</b>	<b>102.7</b>
Change in receivables		4.6	-6.4	0.1	-7.2
Change in liabilities		-0.2	5.1	3.2	9.9
<b>Cash flow from operations</b>		<b>21.7</b>	<b>29.3</b>	<b>24.1</b>	<b>105.4</b>
<b>Investment activity</b>					
Investment in oil and gas properties	5	-11.6	-16.2	-13.8	-55.8
Investment in other fixed assets		0.0	-0.1	-	-0.1
Cash from associated companies, net		-	0.0	0.0	0.9
<b>Cash flow from investment activity</b>		<b>-11.6</b>	<b>-16.3</b>	<b>-13.8</b>	<b>-55.0</b>
<b>Financing activity</b>					
Share redemption		-	-	-	-15.1
Dividend		-	-3.7	-	-7.5
Proceeds from share issue		-	-	-	2.9
<b>Cash flow from financing activity</b>		<b>0.0</b>	<b>-3.7</b>	<b>-</b>	<b>-19.7</b>
<b>Period cash flow</b>		<b>10.1</b>	<b>9.3</b>	<b>10.3</b>	<b>30.7</b>
Cash and cash equivalents at the beginning of the period		73.1	63.7	42.0	42.0
Exchange gains/losses on cash and cash equivalents		0.1	0.1	0.1	0.5
<b>Cash and cash equivalents at the end of the period</b>		<b>83.3</b>	<b>73.1</b>	<b>52.4</b>	<b>73.1</b>

**KEY RATIOS**

<b>Group</b>	<b>First quarter 2019</b>	<b>Fourth quarter 2018</b>	<b>First quarter 2018</b>	<b>Full year 2018</b>
<b>Operational items</b>				
Production before government take, Oman Blocks 3&4, bbl	1,071,089	1,094,572	1,049,753	4,294,852
Production per day, Oman Blocks 3&4, bbl	11,901	11,898	11,664	11,767
Net sales after government take, bbl	613,752	542,596	511,998	2,163,148
Achieved oil price, USD/bbl	61.6	77.9	63.7	70.5
<b>Income statement and balance sheet</b>				
Revenue and other income, MUSD	32.7	44.4	34.2	157.3
EBITDA, MUSD	17.2	30.8	21.5	106.6
EBITDA-margin	52%	69%	63%	68%
Operating result, MUSD	5.6	19.1	10.3	60.7
Operating margin	17%	43%	30%	39%
Net result, MUSD	6.4	19.9	9.0	62.2
Net margin	19%	45%	26%	40%
Cash and cash equivalents, MUSD	83.3	73.1	52.4	73.1
Shareholders' equity, MUSD	273.3	267.6	238.4	267.6
Balance sheet total, MUSD	298.1	291.4	257.7	291.4
<b>Capital structure</b>				
Equity ratio	92%	92%	93%	92%
Leverage ratio	neg.	neg.	neg.	neg.
Investments, MUSD	-11.6	16.2	13.8	55.8
Net cash, MUSD	82.7	73.1	52.4	73.1
<b>Profitability</b>				
Return on shareholders' equity	2.36%	8.04%	3.86%	25.09%
Return on capital employed	2.52%	7.69%	4.77%	26.66%
<b>Other</b>				
Average number of full time employees	22	20	19	20
Distribution per share, SEK	1.00	1.00	-	6.00
Cash flow from operations per share, USD	0.60	0.83	0.70	2.97
Number of shares at period end, '000	35,896	35,896	35,544	35,896
Shareholders' equity per share, USD	7.61	7.53	6.71	7.45
Weighted average number of shares (before dilution), '000	34,252	33,926	33,900	34,011
Weighted average number of shares (after dilution), '000	34,322	34,150	34,212	34,140
Earnings per share before dilution, USD	0.19	0.59	0.27	1.83
Earnings per share after dilution, USD	0.19	0.58	0.26	1.82

**Key quarterly data**

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net daily production before government take, Blocks 3&4, bbl	11,901	11,898	11,857	11,733	11,574	11,637	12,259	12,373	12,386
Barrels sold, bbl	613,752	542,596	579,360	529,194	511,998	617,577	568,796	565,331	564,700
Revenue and other income, MUSD	32.7	44.4	42.3	36.4	34.2	30.1	28.5	31.4	29.3
EBITDA, MUSD	17.2	30.8	30.1	24.3	21.5	19.7	18.2	21.0	19.3
Return on shareholders' equity	2.36%	8.04%	7.59%	6.55%	3.86%	5.18%	2.28%	5.19%	3.32%
Cash flow from operations, MUSD	21.7	29.3	37.6	14.4	24.1	4.5	19.9	11.1	14.4
Earnings per share after dilution, USD	0.19	0.58	0.53	0.44	0.27	0.32	0.14	0.31	0.19
Share price, end of period, SEK	75.78	64.77	97.77	101.40	67.20	65.75	62.25	58.50	63.50

For definitions of key ratios, please refer to the 2018 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 2018 Annual Report.

MUSD	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full year 2018
Operating result	5.6	19.1	10.3	60.7
Add: Depreciation, depletion and amortization	11.5	11.7	11.2	45.9
Add: Exploration costs	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>17.2</b>	<b>30.8</b>	<b>21.5</b>	<b>106.6</b>
Cash and bank	83.3	73.1	52.4	73.1
Less: Interest bearing debt	-0.6	-	-	-
<b>Net cash</b>	<b>82.7</b>	<b>73.1</b>	<b>52.4</b>	<b>73.1</b>

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

MSEK	Note	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full year 2018
Other income		1.8	2.0	1.5	9.7
Share of net profit/loss from associates		-	-	-	8.0
Administrative expenses	10	-7.6	-8.1	-6.6	-32.8
<b>Operating result</b>		<b>-5.8</b>	<b>-6.1</b>	<b>-5.1</b>	<b>-15.1</b>
Net financial result	4	10.5	242.3	-5.6	259.5
<b>Result before tax</b>		<b>4.7</b>	<b>236.2</b>	<b>-10.7</b>	<b>244.4</b>
Income tax		-	-	-	-
<b>Result for the period*</b>		<b>4.7</b>	<b>236.2</b>	<b>-10.7</b>	<b>244.4</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 2019	31 Dec 2018
<b>ASSETS</b>			
Total non current assets		197.7	223.1
Total current assets		272.9	243.4
<b>TOTAL ASSETS</b>		<b>470.6</b>	<b>466.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Restricted shareholders' equity		77.0	77.0
Unrestricted shareholders' equity		378.1	373.3
Total current liabilities		15.5	16.2
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>470.6</b>	<b>466.5</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 2019 report of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter report 2019 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 2018 Annual Report have been used in the preparation of this report together with the implementation of IFRS 16.

On 1 January 2019, Tethys Oil adopted IFRS 16 Leases, which was issued in January 2016 and replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognised on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019.

Tethys Oil has chosen the modified retrospective method, applying the short-term lease and the asset of low value exceptions. The standard has impacted the accounting of the Group’s operational leases. The current interpretation is that IFRS 16 does not relate to leases within the Group’s joint operations and at present the group only has office leases and IT-servers/-programs and other leases concerning items of lesser value.

The IFRS 16 impact on the group accounts for the first quarter is shown in Note 8.

IFRIC 23 Uncertainty over Income Tax Treatments that came into effect on 1 January 2019 does not have an effect on the Group.

There are no other IFRSs 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 2018 Annual Report and the relevant reconciliations can be found on page 15 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 2019		31 December 2018	
	Average	Period end	Average	Period end
SEK/USD	9.25	9.27	8.75	9.14
SEK/EUR	10.51	10.52	10.32	10.42

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 2019, 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 2019			31 December 2018		
	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	-	13.3	-	-	17.9	-
Cash and bank	-	83.3	-	-	73.1	-
Other non current liabilities	-	-	2.2	-	-	-
Accounts payables and other current liabilities	-	-	15.5	-	-	13.9

**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 operational and financial risks described below.

*Operational risk*

At its current stage of development, Tethys Oil is commercially producing oil and is furthermore 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 prices prevailing from time to time. 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 2019. In late 2018, OPEC and certain non-OPEC members reached a new agreement of production cuts. The production recommendation may affect the Company's oil 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.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2018 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 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	-	-	-	-11.5
Exploration costs	-	-	0.0	-	0.0
Share of net profit/loss from associates	-	-	-	-	0.0
Administrative expenses	-0.6	-	-0.8	-	-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>

Group income statement Jan-Dec 2018					
MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue and other income	157.3	-	-	-	157.3
Operating expenses	-45.9	-	-	-	-45.9
Depreciation, depletion and amortisation	-45.9	-	-	-	-45.9
Exploration costs	-	-	-	-	0.0
Share of net profit/loss from associates	-	0.9	-	-	0.9
Administrative expenses	-2.3	-	-2.7	-0.7	-5.7
<b>Operating result</b>	<b>63.2</b>	<b>0.9</b>	<b>-2.7</b>	<b>-0.7</b>	<b>60.7</b>
<b>Total financial items</b>					<b>1.5</b>
<b>Result before tax</b>					<b>62.2</b>
Income tax					-
<b>Result for the period</b>					<b>62.2</b>

**Note 3) Revenue and other income**

MUSD	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full year 2018
Revenue	37.8	42.2	32.6	152.6
Underlift/overlift adjustments	-4.1	2.2	1.6	4.7
Overlift adjustment Export Reporting Error	-1.0	-	-	-
<b>Revenue and other income</b>	<b>32.7</b>	<b>44.4</b>	<b>34.2</b>	<b>157.3</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 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.

The first quarter 2019 includes an overlift adjustment of MUSD 1.0 (the "Additional amount") being the effect of the final determination of the Export Reporting Error. The Additional amount is the difference between the estimated amount accounted for in the fourth quarter 2018 and the final settlement agreed during the first quarter 2019.

**Note 4) Net financial result**

Group	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full Year 2018
<b>MUSD</b>				
Financial income:				
Interest income	0.3	0.3	-	0.3
Currency exchange gain, net	0.6	0.6	-	1.6
Other financial income	-	-	-	-
Financial costs:				
Interest costs	-0.0	0.0	0.0	0.0
Currency exchange loss, net	-	-	-1.2	-
Other financial costs	-0.1	-0.1	-0.1	-0.4
<b>Net financial result</b>	<b>0.8</b>	<b>0.8</b>	<b>-1.3</b>	<b>1.5</b>

Parent company	First quarter 2019	Fourth quarter 2018	First quarter 2018	Full Year 2018
<b>MSEK</b>				
Financial income:				
Interest income	4.7	4.5	3.4	15.8
Currency exchange gain, net	5.9	7.7	-	13.8
Dividend group companies	-	230.1	-	230.1
Financial costs:				
Interest costs	-0.1	0.0	0.0	-0.2
Currency exchange loss, net	-	-	-8.9	-
Other financial costs	-0.0	0.0	-	0.0
<b>Net financial result</b>	<b>10.5</b>	<b>242.3</b>	<b>5.6</b>	<b>259.5</b>

**Note 5) Oil and gas properties**

Country	Licence	Phase	Tethys Oil's share	Book value 31 Mar 2019	Investments	DD&A	Change in estimate of site restoration	Book value 31 Dec 2018
					Jan-Mar 2019	Jan-Mar 2019	Jan-Mar 2019	
Oman	Blocks 3&4	Prod.	30%	193.9	11.3	-11.5	-	194.1
Oman	Block 49	Expl.	100%	6.0	0.3	-	-	5.7
France	Attila	Expl.	40%	0.0	-	-	-	0.0
New ventures				0.3	-	0.0	-	0.3
<b>Total</b>				<b>200.2</b>	<b>11.6</b>	<b>-11.5</b>	<b>0.0</b>	<b>200.1</b>

**Note 6) Other receivables**

MUSD	31 Mar 2019	31 Dec 2018
VAT	0.2	0.3
Receivables Oil sales	13.1	14.9
Underlift position	-	2.7
Other	-	0.0
<b>Total</b>	<b>13.3</b>	<b>17.9</b>

**Note 7) Provisions**

Tethys Oil estimates that its share of site restoration regarding Blocks 3&4 amounts to MUSD 7.1 (MUSD 6.9). As a consequence of this provision, oil and gas properties have increased by an equal amount.

Provisions relating to the Export Reporting Error in previous periods (fourth quarter 2018 non-current provisions of MUSD 2.0 and current provisions of MUSD 1.0) have been reclassified as liabilities for the first quarter 2019, following final settlement of the Export Reporting Error.

**Note 8) Leasing**

Leasing	31 Dec 2018		1 Jan 2019		Payment of leasing debt	Depreciation	Interest costs	31 Mar 2019	
	Right of use assets	Lease liabilities, interest bearing	Adjusted for IFRS 16	Right of use assets				Lease liabilities, interest bearing	Right of use assets
<b>MUSD</b>									
Fixed assets (incl. in Other fixed assets)	-	-	0.7	-	-	-0.1	-	0.6	-
Short term leasing debt (incl. in Accounts payable and other current liabilities)	-	-	-	-0.2	0.0	-	-	-	-0.2
Long term leasing debt (incl. in Other non-current liabilities)	-	-	-	-0.4	-	-	-	-	-0.4
Interest costs	-	-	-	-	-	-	0.0	-	0.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>-0.7</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.6</b>	<b>-0.6</b>

**Note 9) Other non-current liabilities**

Tethys Oil has a non-current liability of MUSD 1.8 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 reports. The corresponding amount of MUSD 2.0 was recognised as non-current provision in the fourth quarter 2018.

**Note 10) Accounts payable and other current liabilities**

MUSD	31 Mar 2019	31 Dec 2018
Accounts payable	0.2	0.1
Overlift position	1.3	-
Operator balance, Oman Blocks 3&4	11.4	9.9
Other current liabilities	2.6	3.9
<b>Total</b>	<b>15.5</b>	<b>13.9</b>

Tethys Oil has a current liability of MUSD 2.0 relating to the Export Reporting Error. The Additional amount of MUSD 1.0 was recorded as a current liability and an increase in overlift at 31 March 2019.

The Export Reporting Error amount repayment during the first quarter 2019 amounted to MUSD 0.2 resulting in a total amount remaining to be settled of MUSD 3.8 (MUSD 3.0) as at 31 March 2019. 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 reports.

**Note 11) Incentive programme**

Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants have been issued annually since 2015, following a decision by the respective AGM. No warrants were issued or exercised during the first quarter 2019.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants				31 Mar 2019
				1 Jan 2019	Issued 2019	Exercised 2019	Expired 2019	
2016 incentive programme	28 May - 4 Oct, 2019	59.90	1.10	350,000	0	0	0	350,000
2017 incentive programme	30 May - 2 Oct, 2020	81.80	1.04	350,000	0	0	0	350,000
2018 incentive programme	1 Jun - 2 Oct, 2021	89.00	1.00	350,000	0	0	0	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 some tranches of the incentive programme is below the average share price during the first quarter 2019, the dilution effects of the warrants of these tranches are included in the weighted average number of shares after dilution which amount to 34,321,943 during the first quarter 2019.

**Note 12) 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 13) Contingent liabilities**

There are no outstanding contingent liabilities as at 31 March 2019, nor for the comparative period.

**Note 14) Related party transactions**

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

**FINANCIAL CALENDAR:**

- Annual general meeting 2019 will be held in Stockholm on 15 May 2019
- Report for second quarter 2019 (January – June 2019) on 13 August 2019
- Report for third quarter 2019 (January – September 2019) on 5 November 2019
- Report for fourth quarter 2019 (January – December 2019) on 11 February 2020
- Report for first quarter 2020 (January – March 2020) on 5 May 2020

Stockholm, 7 May 2019

**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.*

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*This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on 7 May 2019.*

**CONFERENCE CALL**

**Date:** 7 May 2019

**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/m6/p/qannon33>

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

Sweden: +46 8 566 426 51 / PIN: 69756366#

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UK: +44 333 300 0804 PIN: 69756366#

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