

**Q3 2014**

4 November 2014



# Q3 Highlights

- Record net sales of MSEK 296, up 21% compared to Q2
- EBITDA of MSEK 232, up 21% compared to Q2
- Net result MSEK 167, up 56% compared to Q2
- Earnings per share SEK 4.71 for Q3
- Exploration and appraisal continues:
  - New production record each quarter in 2014
  - Over 8,000 bopd each month in Q3 2014
  - A total of 8 wells completed on Blocks 3 and 4 during Q3 2014

# Tethys' assets

	Country	Licence	Area, km2	Tethys share	Partners*	2P reserves 31 Dec 2013 (mmbo)	Production Q3 2014 (bopd)
Producing Assets	Oman	Block 3 & 4	34,610	30%	<b>CC Energy</b> , Mitsui	15.2**	8,287
	Lithuania	Gargzdai	884	25%	Odin Energi, Geonafta	1.7	112
Exploration assets	Oman	Block 3 & 4	34,610	30%	<b>CC Energy</b> , Mitsui		
	Oman	Block 15	1,389	40%	<b>Odin Energy</b>		
	Lithuania	Rietavas	1,594	30%	Odin Energi, Private investors		
	Lithuania	Raseiniai	1,535	30%	Odin Energi, Private investors		
Other assets	France	Attila	1,986	40%	<b>Galli Coz</b>		
	France	Alès	215	37.5%	Private investors		



\* Operator in bold

\*\* Not including interim report of Lower Buah reserves as at 30 June 2014

# Reserves

Independent petroleum consultant DeGolyer and MacNaughton (“D&M”) reviews Tethys Oil’s reserves in Oman annually.

Following successful drilling during the first six months of 2014 of the Lower Buah reservoirs on Block 4, D&M has delivered an interim report of Lower Buah reserves as at 30 June 2014.

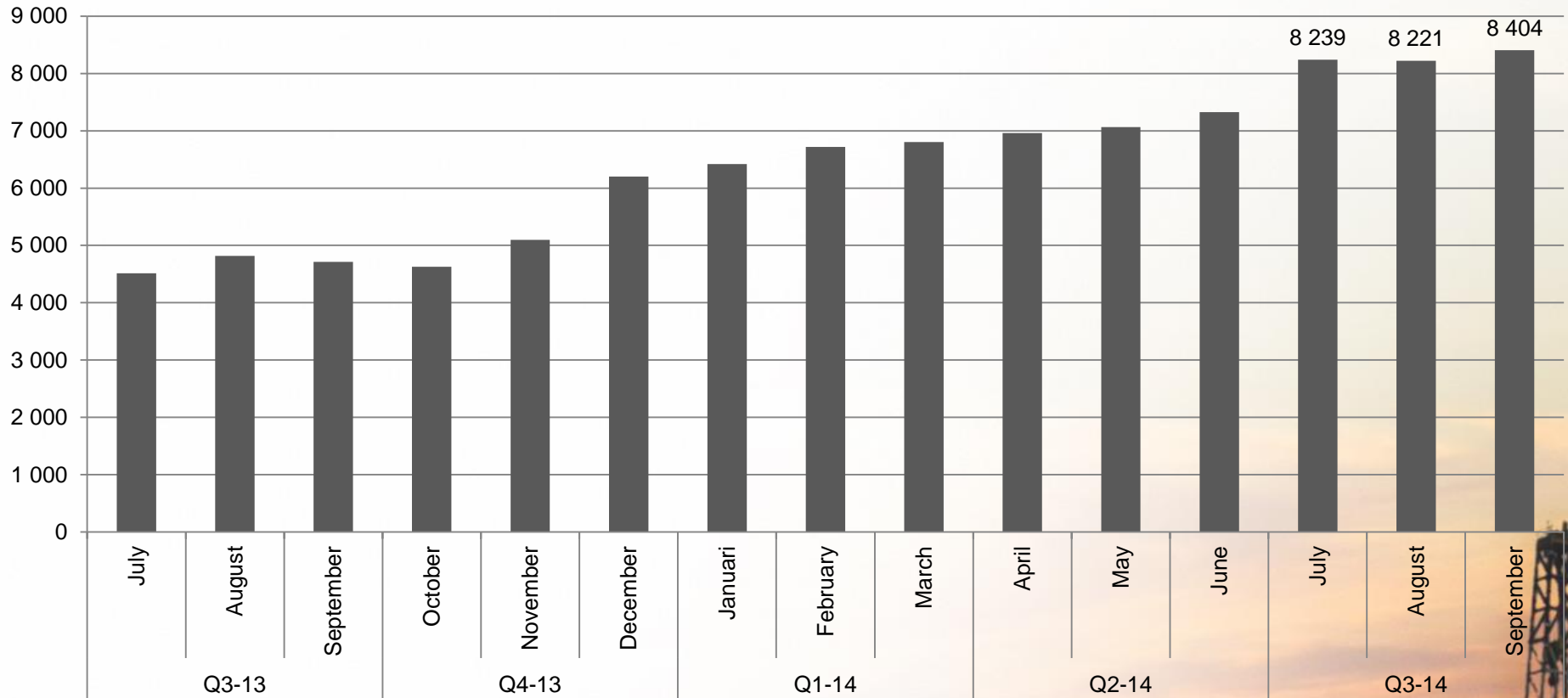
<b>Reserves Oman (31 Dec 2013, mmbo)</b>			
	<b>1P</b>	<b>2P</b>	<b>3P</b>
Farha South	8.9	11.7	13.5
Saiwan East	0.7	1.3	2.8
Area 4 (Lower Buah)	1.2	2.2	3.7
<b>Total</b>	<b>10.8</b>	<b>15.2</b>	<b>20.0</b>

<b>Reserves Lithuania* (mmbo)</b>			
	<b>1P</b>	<b>2P</b>	<b>3P</b>
Gargzdai	0.8	1.7	2.8

\* As per reserve report 31 Dec 2012, by Miller and Lents, Ltd., reduced with 2013 year’s production.

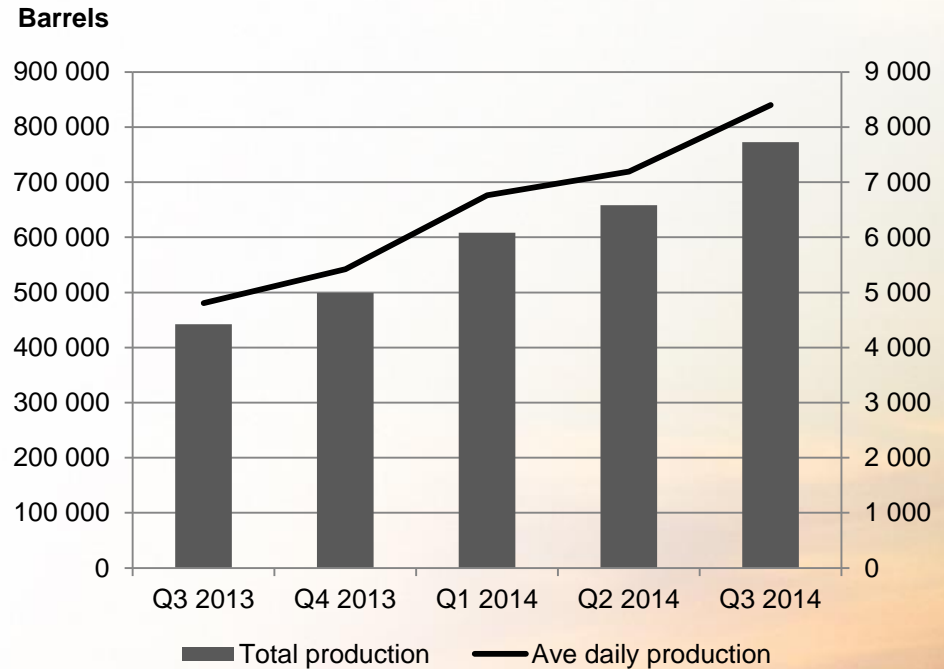
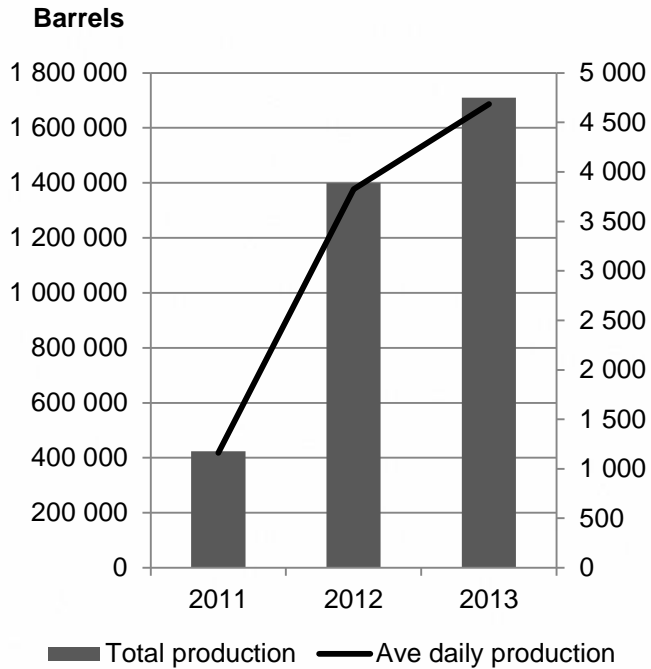
<b>Development of the Lower Buah reserves (30 Jun 2014, mmbo)</b>			
	<b>1P</b>	<b>2P</b>	<b>3P</b>
Total 31 Dec 2013	1.2	2.2	3.7
Production from Lower Buah 2014	-0.4	-0.4	-0.4
Revisions/discoveries	1.5	3.2	4.1
<b>Total 30 Jun 2014</b>	<b>2.3</b>	<b>5.0</b>	<b>7.4</b>

# Average daily production in Oman



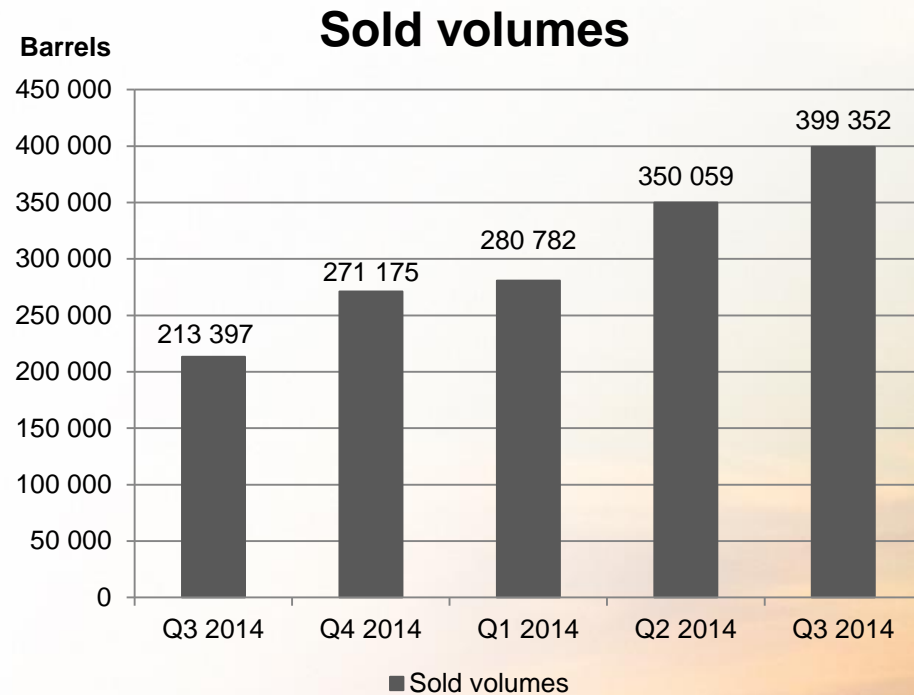
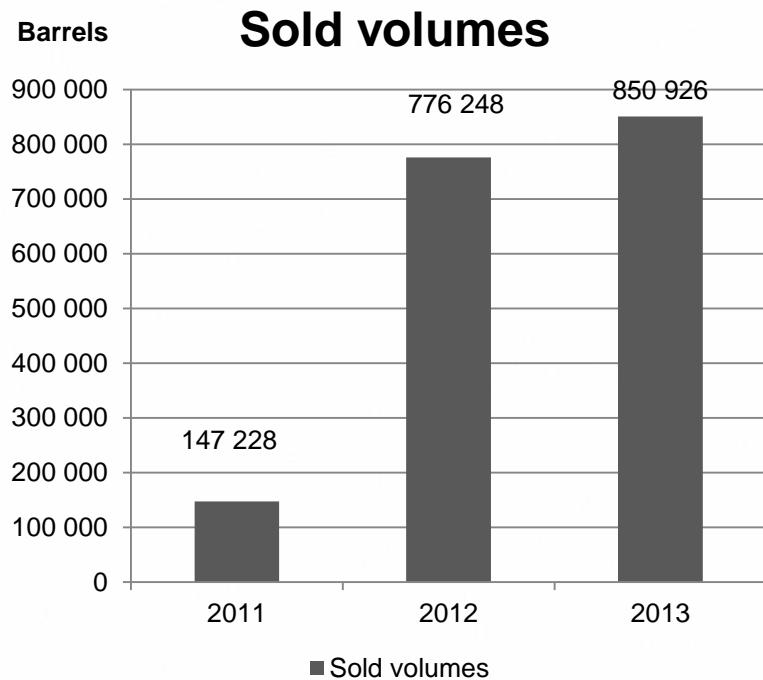
- Over 8,000 bopd each month in Q3-14
- 16% higher production in Oman compared with Q2-14
- Lithuanian production amounted to 112 bopd in Q3-14

# Production



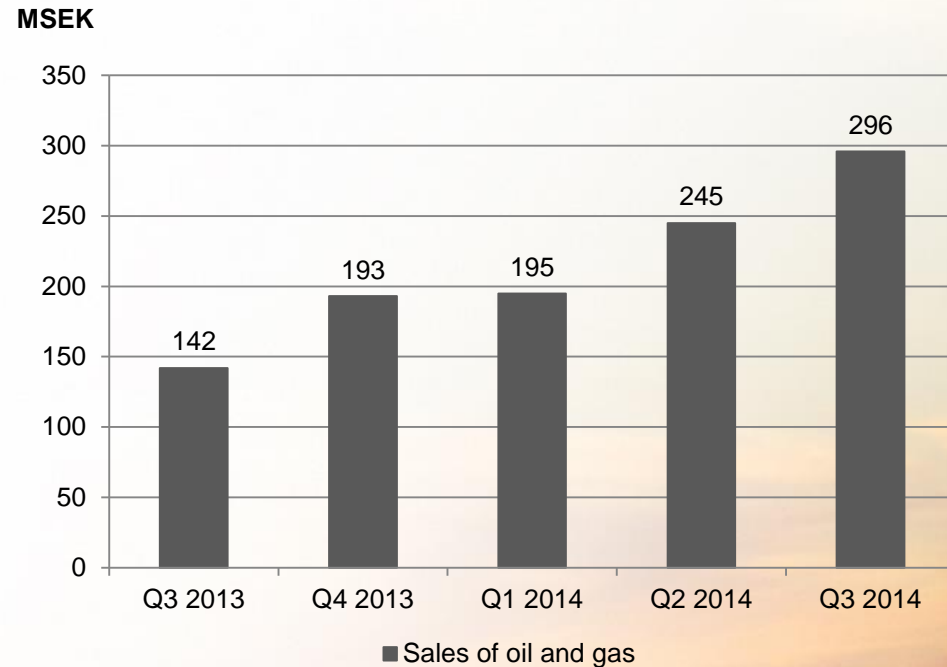
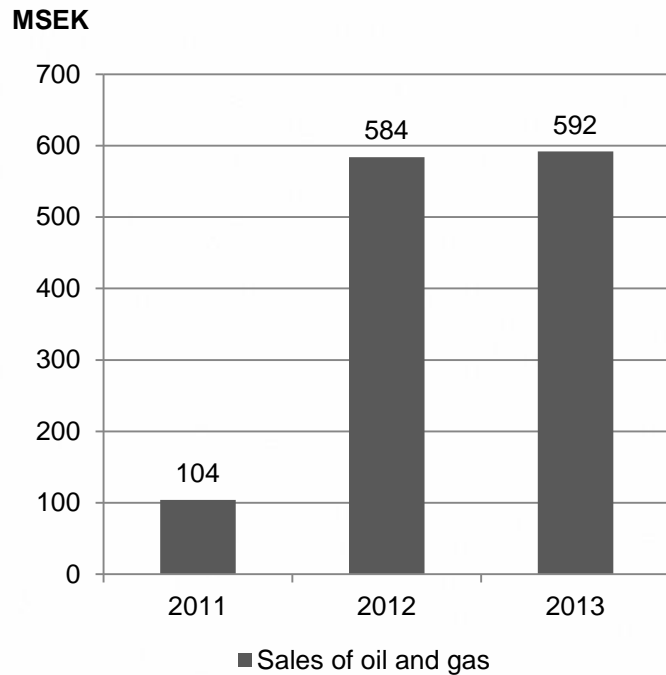
- Total production in Q3 2014 highest ever
- 75% increase in average daily production compared with Q3-13

# Sold barrels



- Record net oil sales of 399,352 barrels
- Underlift position decreased with 2,917 bbl to 27,188 bbl from Q2-14 to Q3-14

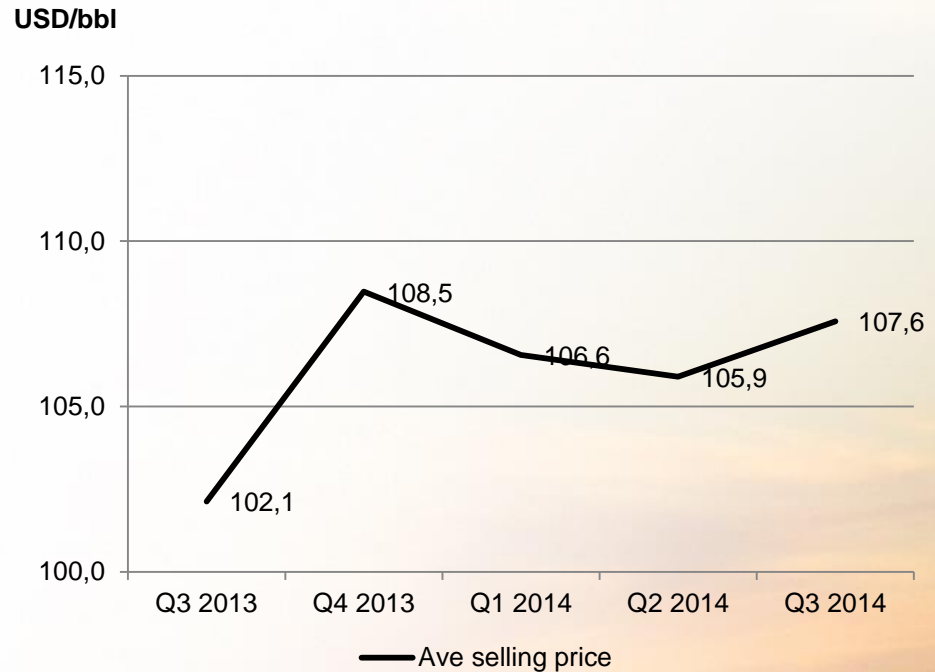
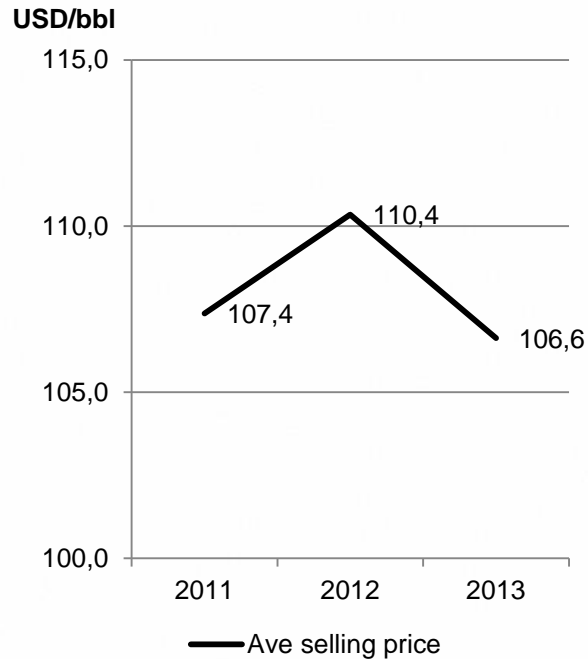
# Sales MSEK



- Net oil sales of MSEK 296 in Q3-14, up 21% compared to Q2-14
- The Q-o-Q sales increase is composed of 14% increase in barrels sold, 5% USD/SEK change and 2% oil price increase



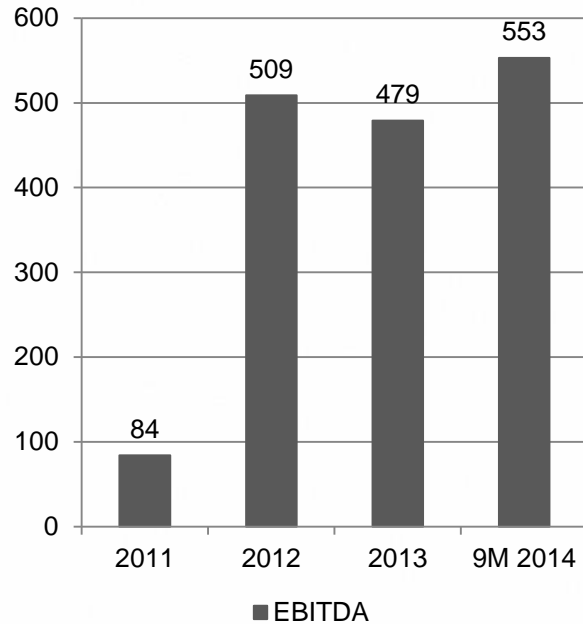
# Average selling price per barrel



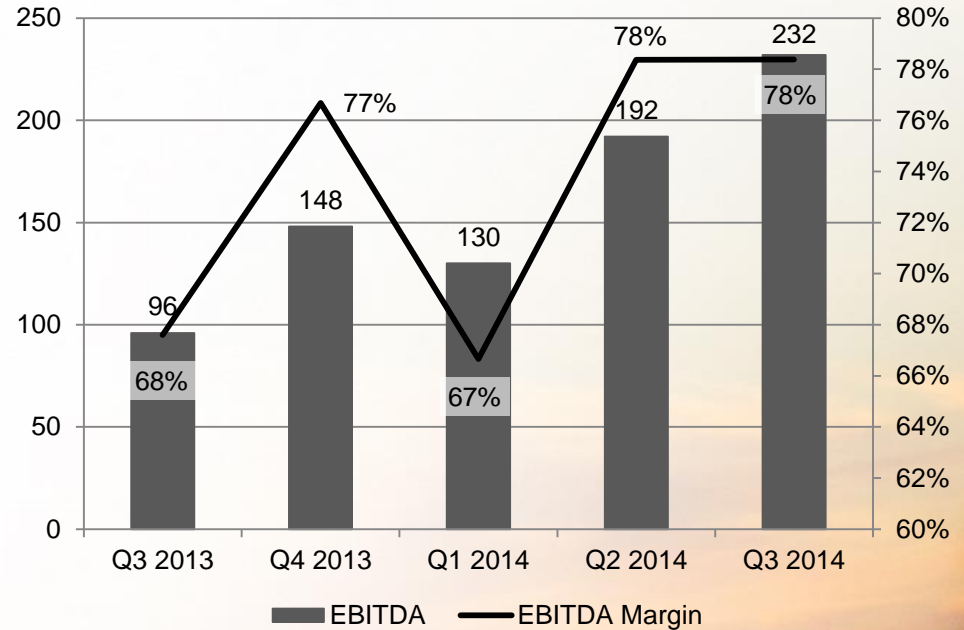
- Selling price not yet affected by lower international oil prices – slight increase of 2% Q-o-Q
- Tethys received oil price lags international spot price with 2 months

# EBITDA

MSEK

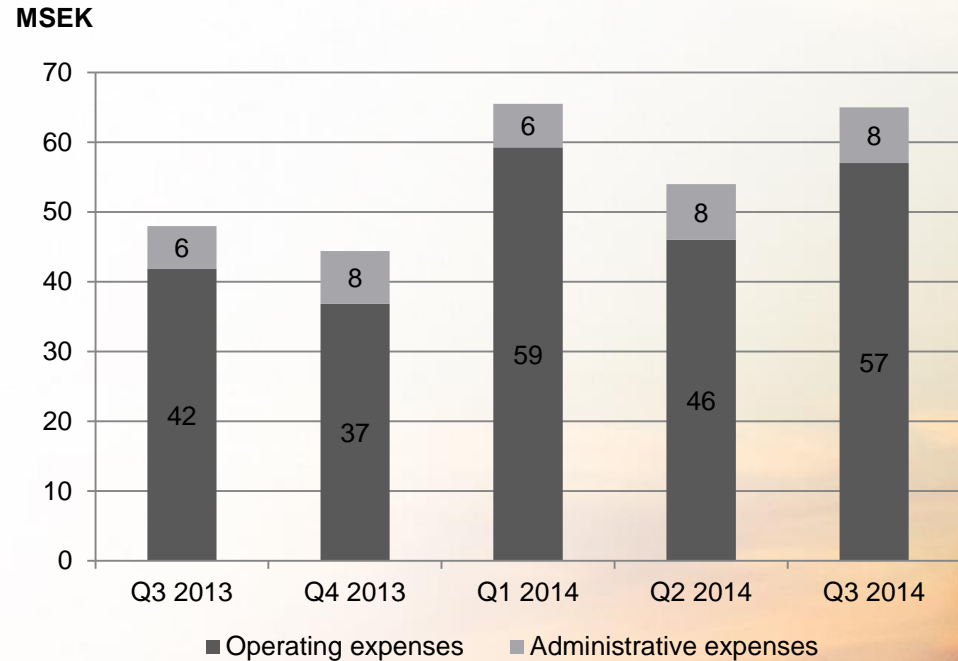
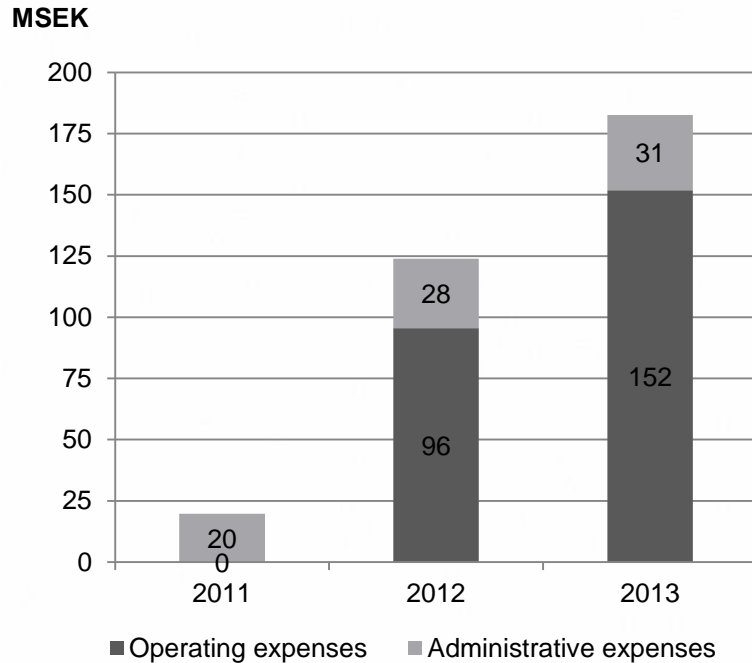


MSEK



- EBITDA of MSEK 232 in Q3, up 21% compared to Q2-14
- EBITDA margin the last five quarters has been in the range 67%-78%

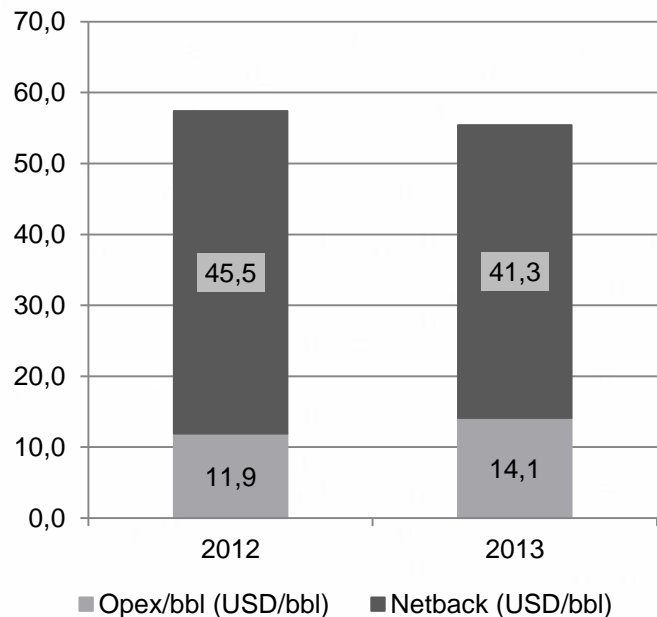
# Expenses



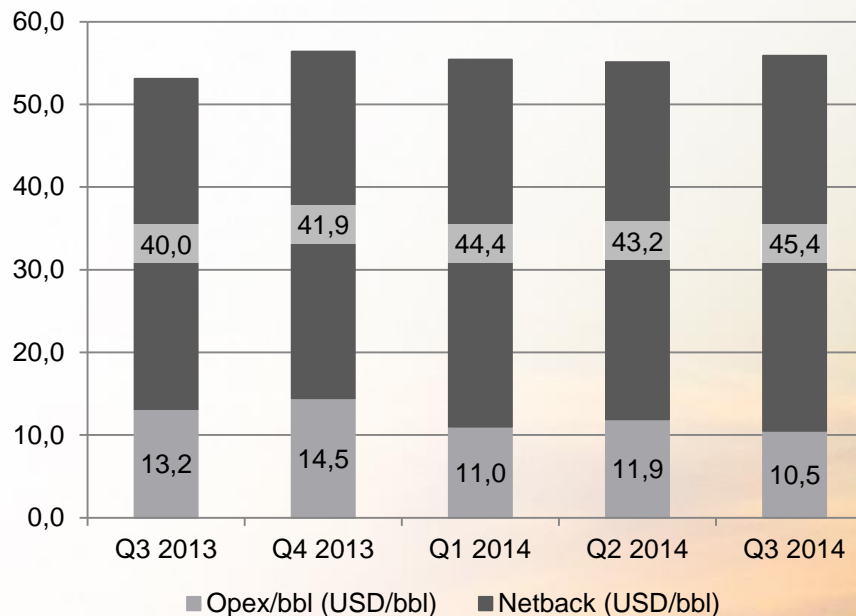
- Operating expenses increased 24% compared with Q2-14, in line with the sales development
- Opex in Q1-14 affected by late incoming expenses from 2013
- Most opex is fixed

# Adjusted net back and opex per barrel\*

USD/bbl



USD/bbl



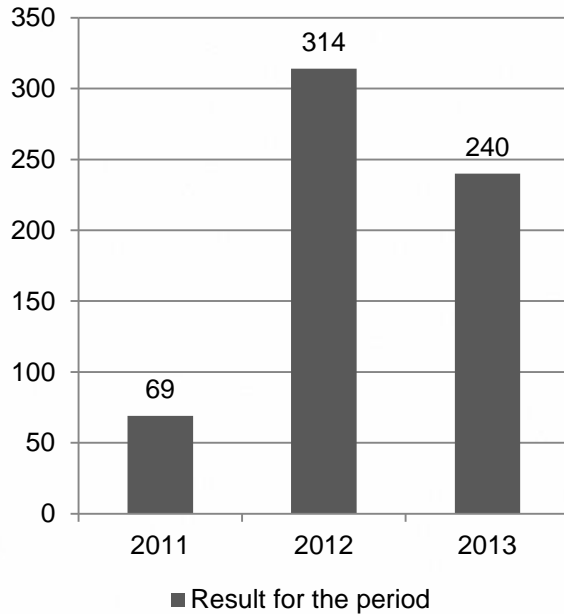
- Adjusted for timing differences, net back has been stable around USD 40-45 per barrel last 5 quarters
- Adjusted opex between USD 10 and 15 per barrel, of which direct lifting cost accounts for 50-60%



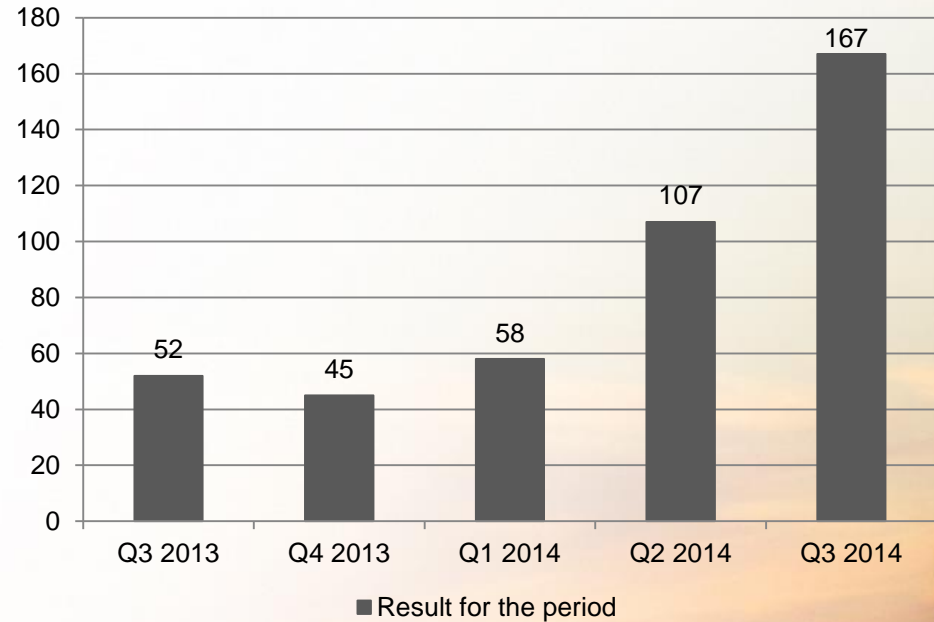
\* After current government take

# Net result after tax

MSEK



MSEK



- Result is up 56% Q-o-Q mainly due to strong sales development, lower DD&A per barrel and significantly lower financial expenses

# Balance Sheet Q3 2014

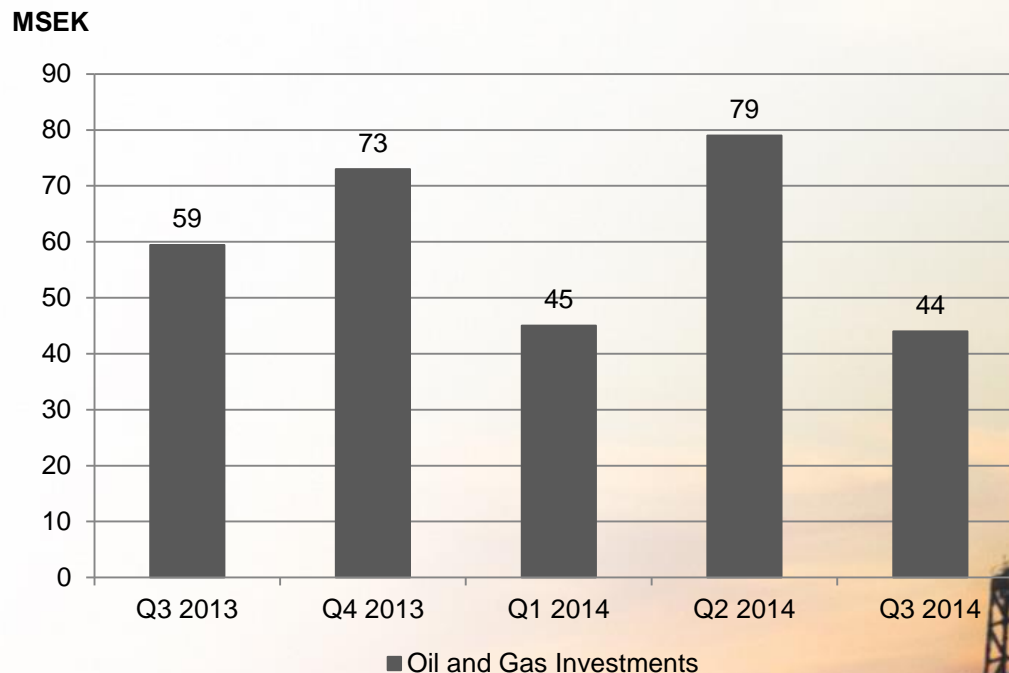
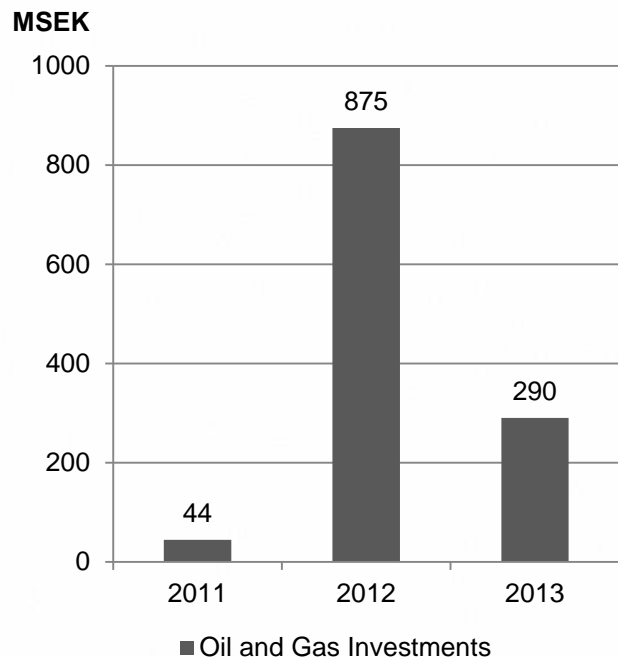
<b>(MSEK)</b>	<b>2014-09-30</b>	<b>2014-06-30</b>	<b>2013-12-31</b>
<b>Cash</b>	<b>194</b>	<b>33</b>	<b>295</b>
<b>Long term debt</b>	<b>33*</b>	<b>30*</b>	<b>422</b>
<b>Net debt</b>	<b>-161</b>	<b>-3</b>	<b>127</b>
<b>Total assets</b>	<b>1,619</b>	<b>1,367</b>	<b>1,563</b>
<b>Shareholders' equity</b>	<b>1,547</b>	<b>1,284</b>	<b>1,100</b>

- Strong cash position of MSEK 194
- The MUSD 100 senior revolving reserve based lending facility is not used by the end of the third quarter



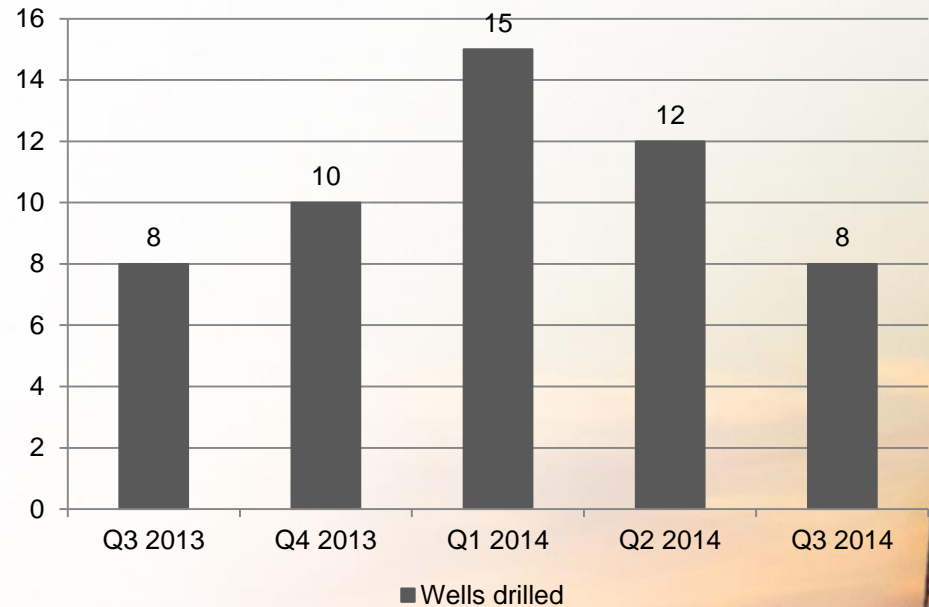
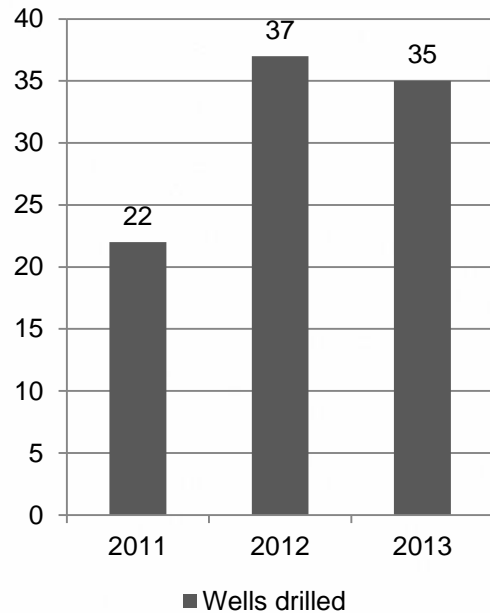
\* Provision for site restoration costs

# Oil and gas investments



- Majority of investments were development, appraisal and exploration of Blocks 3&4
- Given the below budget investments ( MSEK 164) in relation to full year budget on Blocks 3&4 (MSEK 400) so far during the nine months 2014, it is unlikely that the full budget amount will be invested during 2014
  - some infrastructure investments have been pushed forward
  - fewer wells due to changes to the drilling programme following new data

# Wells in Oman

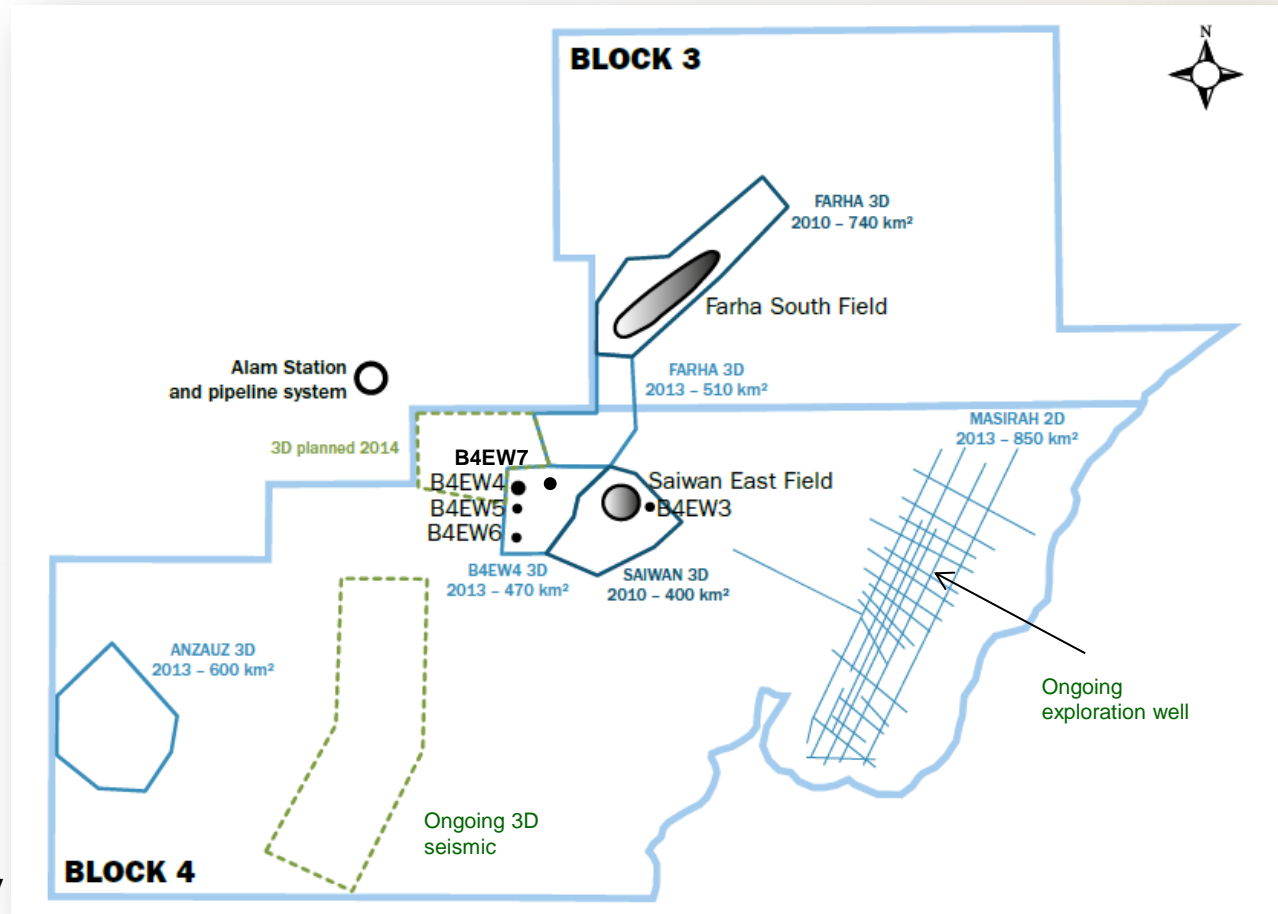


- 8 wells drilled in Q3 2014, including, 2 production wells, 3 wells in previously undrilled fault blocks, 1 appraisal well and 2 water source wells
- Exploration well in eastern part of Block 4 completed after Q3



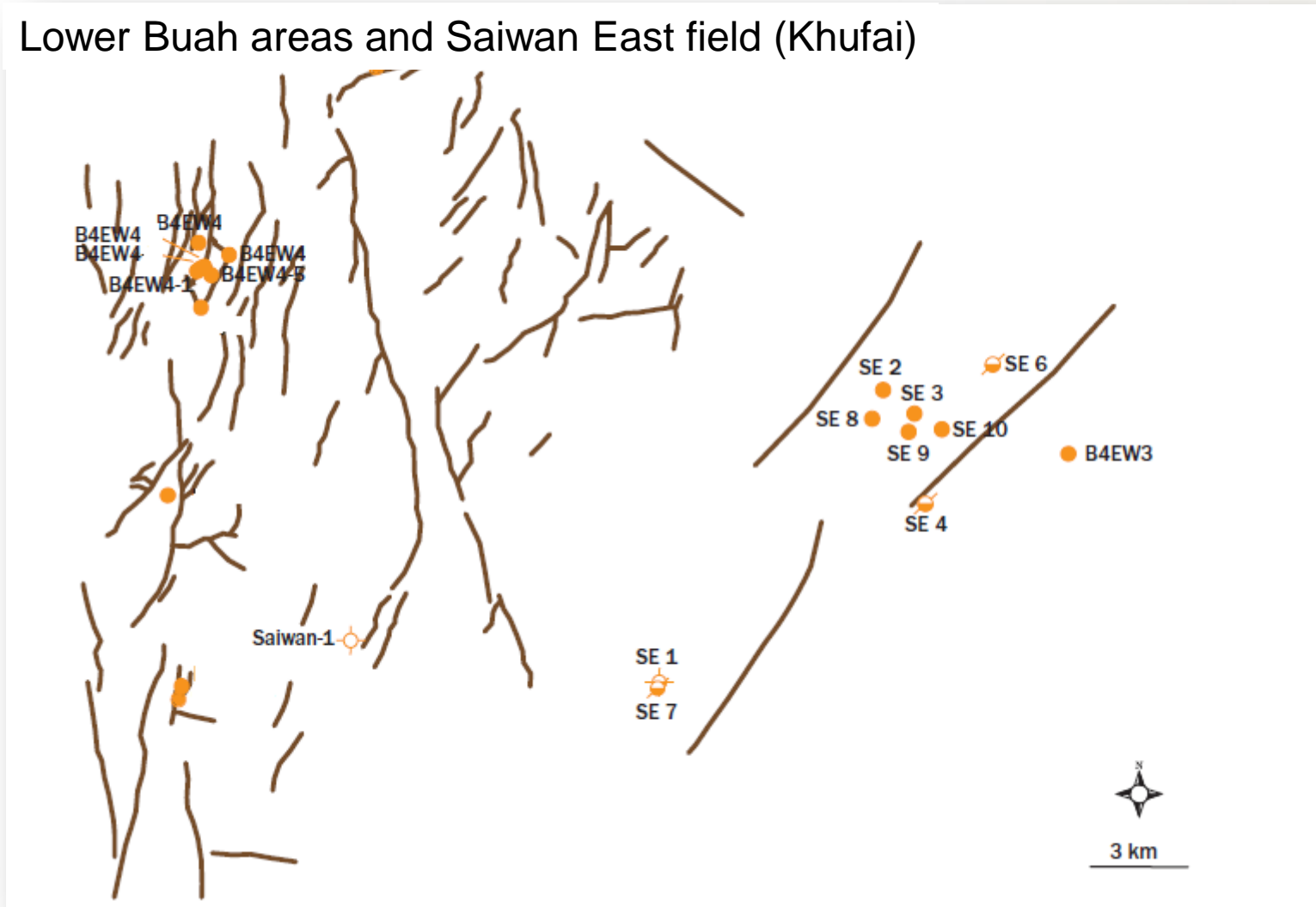
# Current activities

- Drilling on Raseiniai license in Lithuania later this year or early next year
- Farha South water injection programme nearing completion
- Exploration/appraisal along Farha trend
- Exploration well LE-1 in eastern part of Block 4 under evaluation
- Further appraisal of Lower Buah reservoir section
- Central Block 4 seismic study ongoing



# Current operations

Lower Buah areas and Saiwan East field (Khufai)



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