

Q4 2016

14 February 2017



Q4-16 Highlights

- 12,268 BOPD produced in Q4-16, in line with Q3-16
- 2P reserves as per 31 Dec 2016 increased to 21.4 MMBO, representing an RRR of 171%
- Estimated effect of export reporting error reduces revenue and result by MUSD 5.9. Negative undiscounted net cash effect estimated to less than MUSD 1.4
- Average selling price per barrel of USD 46.0, in line with Q3-16
- Revenue of MUSD 20.7, compared to MUSD 26.1 in Q3-16
- EBITDA of MUSD 9.6, compared to MUSD 15.7 in Q3-16
- Net result MUSD 1.5, compared to MUSD 6.4 in Q3-16
- Earnings per share USD 0.04 for Q4-16
- Net cash of MUSD 39.0, (MUSD 48.2 in Q3-16)
- SEK 1.00 per share dividend proposed

Tethys Oil's assets

	Country	Licence	Area, km2	Tethys share	Partners*	2P reserves, net, 31 Dec 2016 (mmbo) **	Production, net, Q4 2016 (bopd)
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy, Mitsui	21.4	12,155
	Lithuania	Gargzdai	884	25%	Odin Energi, Geonafta	-	113
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy, Mitsui		
	Lithuania	Rietavas	1,594	30%	Odin Energi, Private investors		
	Lithuania	Raseiniai	1,535	30%	Odin Energi, Private investors		
	France	Attila	1,986	40%	Galli Coz		
	France	Alès	215	37.5%	Private investors		



* Operator in bold

** Reserves in Oman audited by DeGolyer and MacNaughton

Reserves, December 31, 2016

Reserves Blocks 3&4 Oman (31 Dec 2016, mmbo)			
<i>mmbo</i>	1P	2P	3P
Farha South	8.7	11.6	14.0
Shahd	4.7	7.8	13.0
Saiwan East	0.8	2.0	2.7
Total	14.2	21.4	29.7

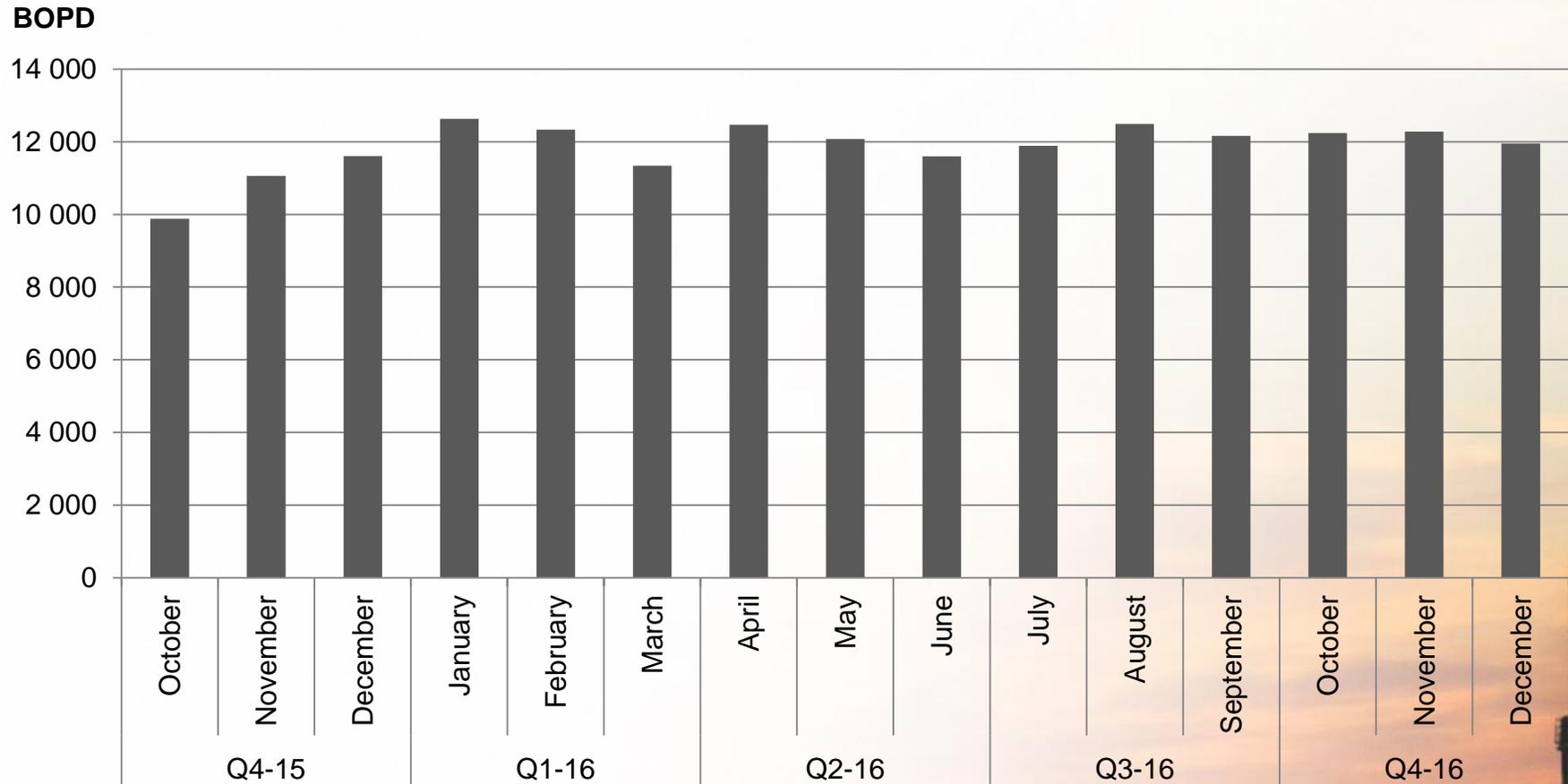
Development of reserves			
<i>mmbo</i>	1P	2P	3P
Total 31 Dec 2015	12.9	18.2	27.9
Production 2016	-4.4	-4.4	-4.4
Discoveries	0.1	0.2	0.3
Revision	5.6	7.4	6.0
Total 31 Dec 2016	14.2	21.4	29.7

- The increase in 2P reserves represents an internal reserve replacement ratio of 171%



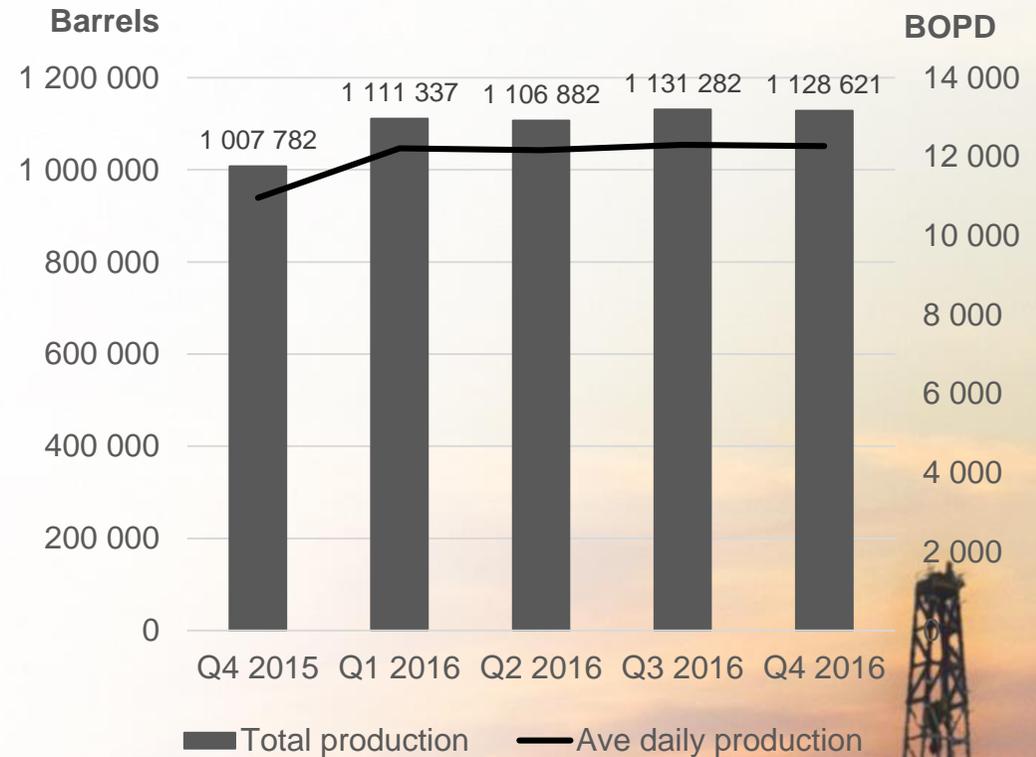
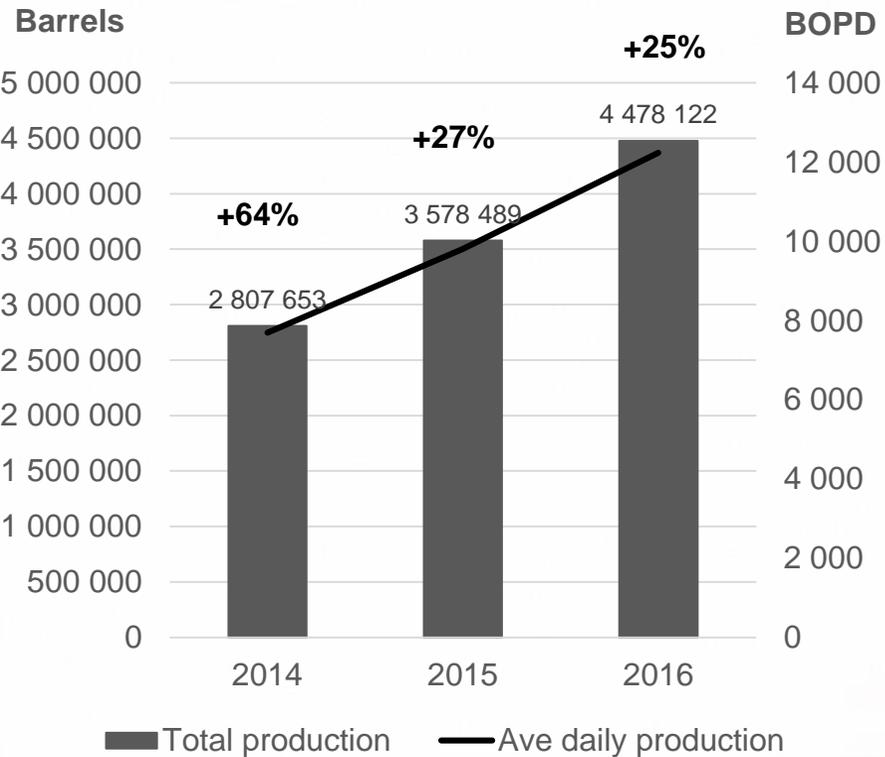
Independent petroleum consultant DeGolyer and MacNaughton Canada Limited (“DMCL”) reviews Tethys Oil’s reserves in Oman annually.

Average daily production in Oman



- Average production continues to be around 12,000 BOPD in Q4-16
- Shortfall in December due to temporary factors and longer than expected time for Shahd water injection to kick in

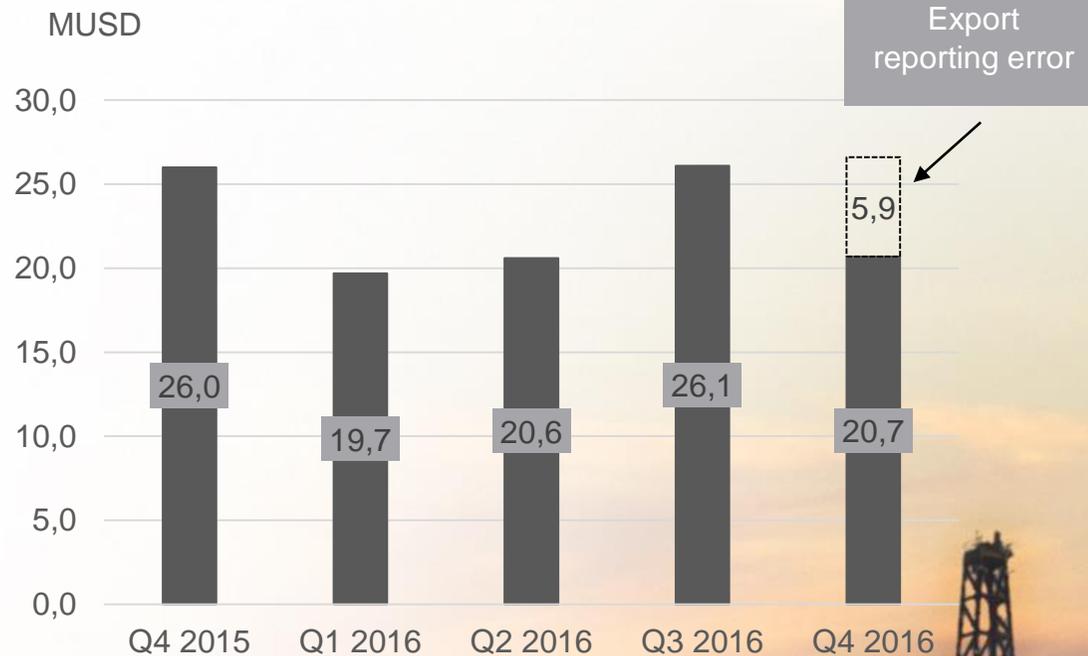
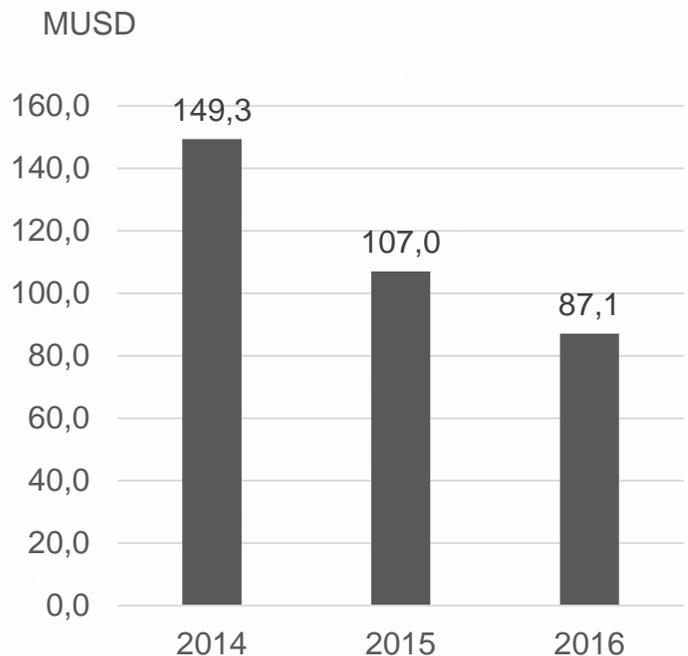
Production



- Average daily production in Q4-16 was in line with Q3-16
- Average daily production in 2016 increased 25% compared with 2015
- Recommended production of 12,300 BOPD in 1H-17 following OPEC agreement



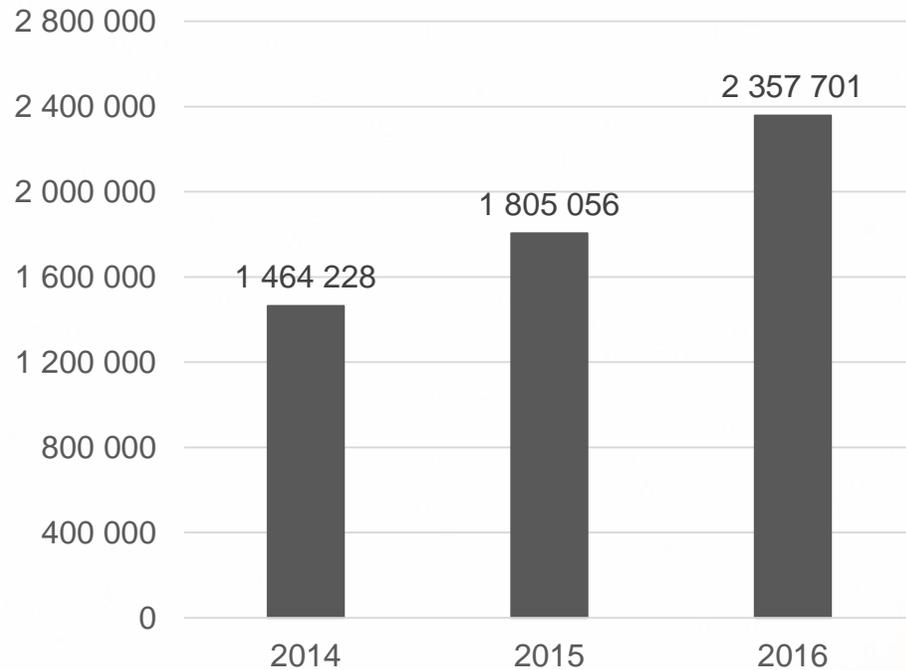
Revenue MUSD



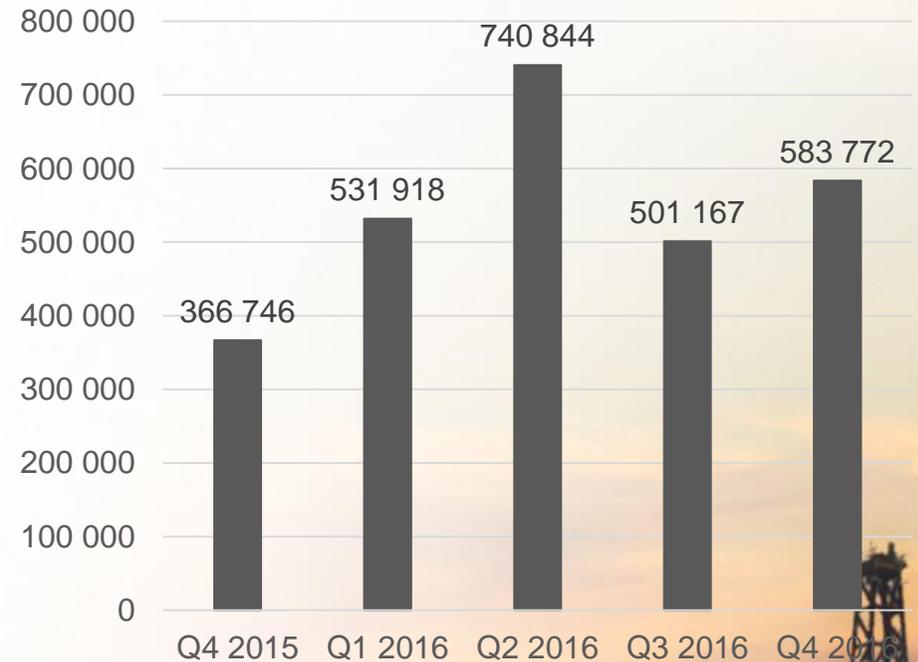
- Export reporting error to reduce revenue and result by MUSD 5.9
- Q4-16 revenue amounted to MUSD 20.7, down 21% compared to Q3-16
- Excluding estimated effects of export reporting error, revenue would amount to MUSD 26.6

Sold barrels

Barrels



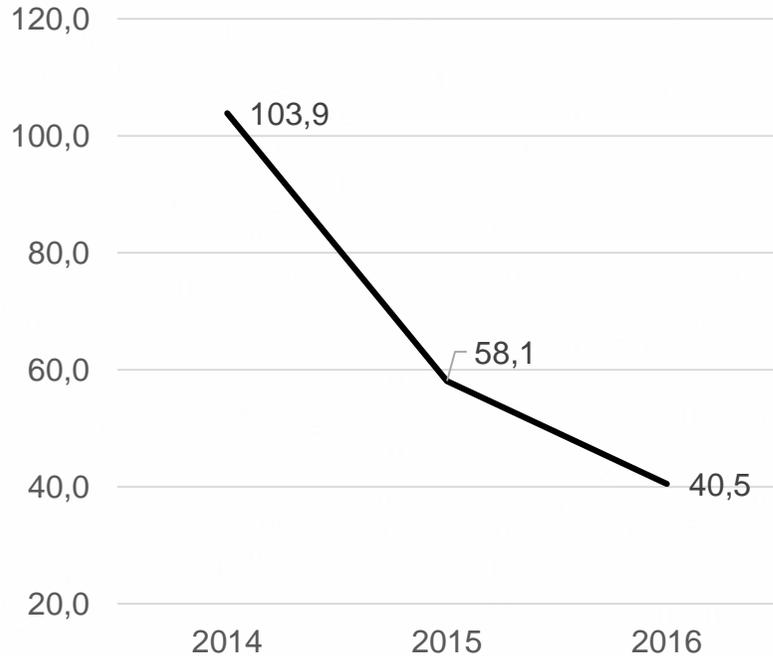
Barrels



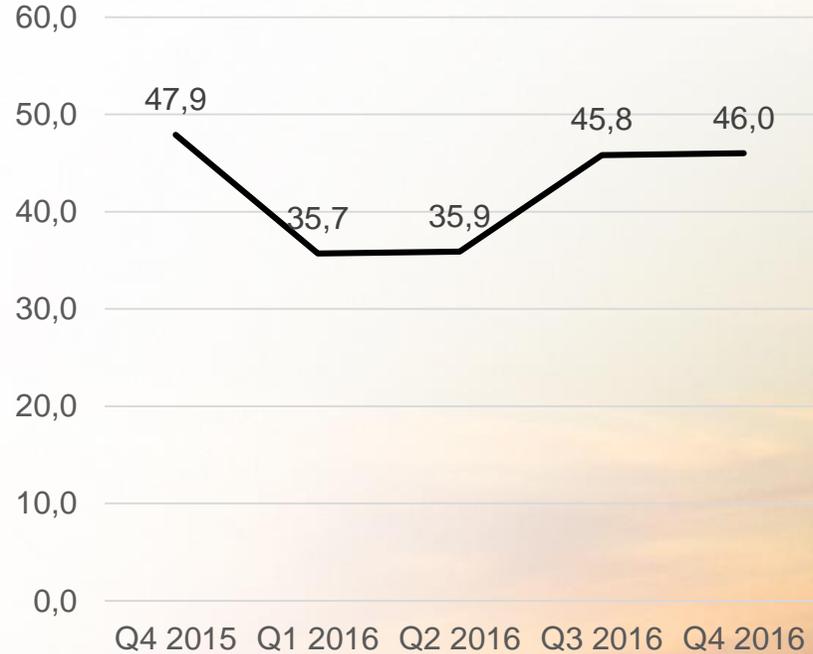
- Overlift position increased in Q4-16 with 2,294 barrels from overlift position of 25,735 barrels to 28,029 barrels

Average achieved selling price per barrel

USD/bbl

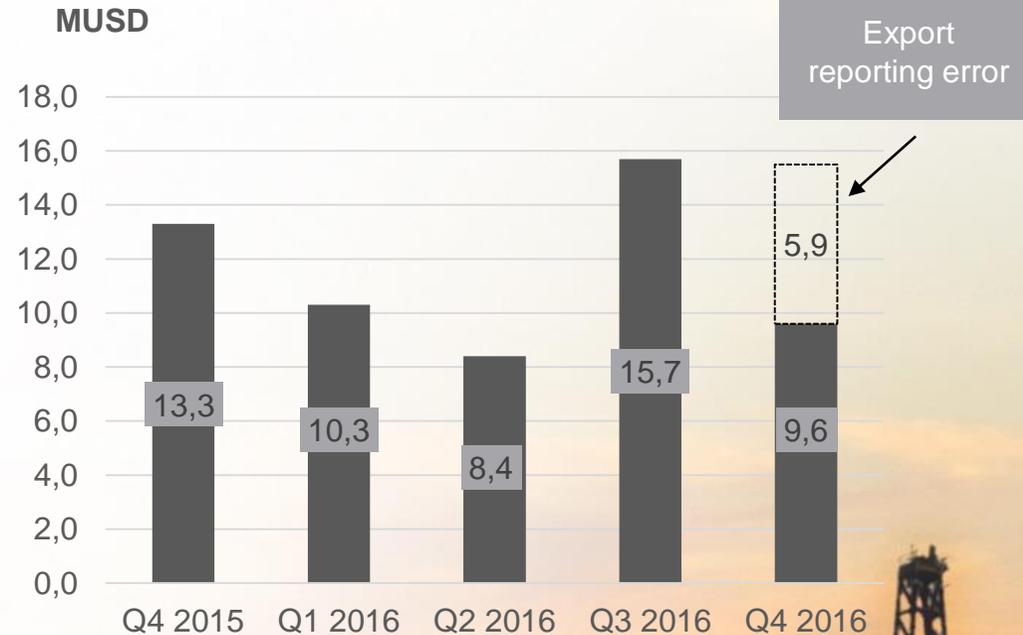
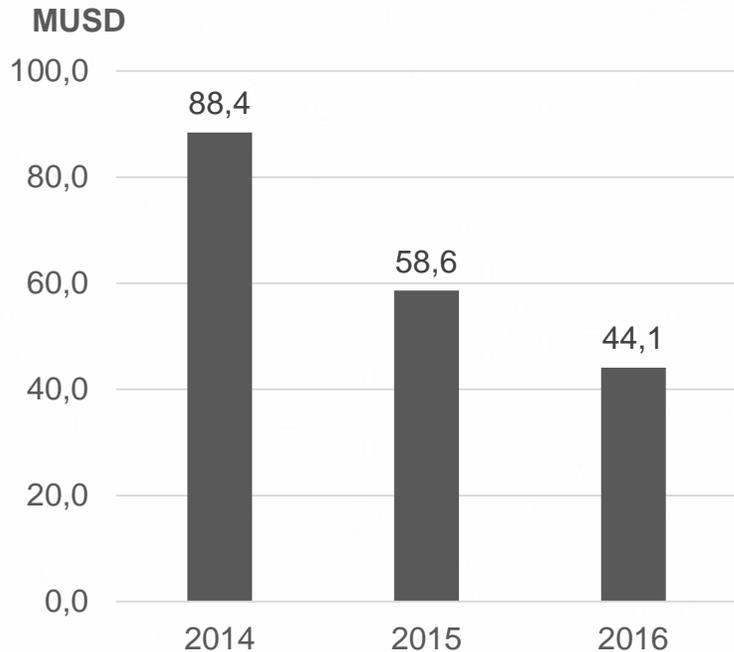


USD/bbl



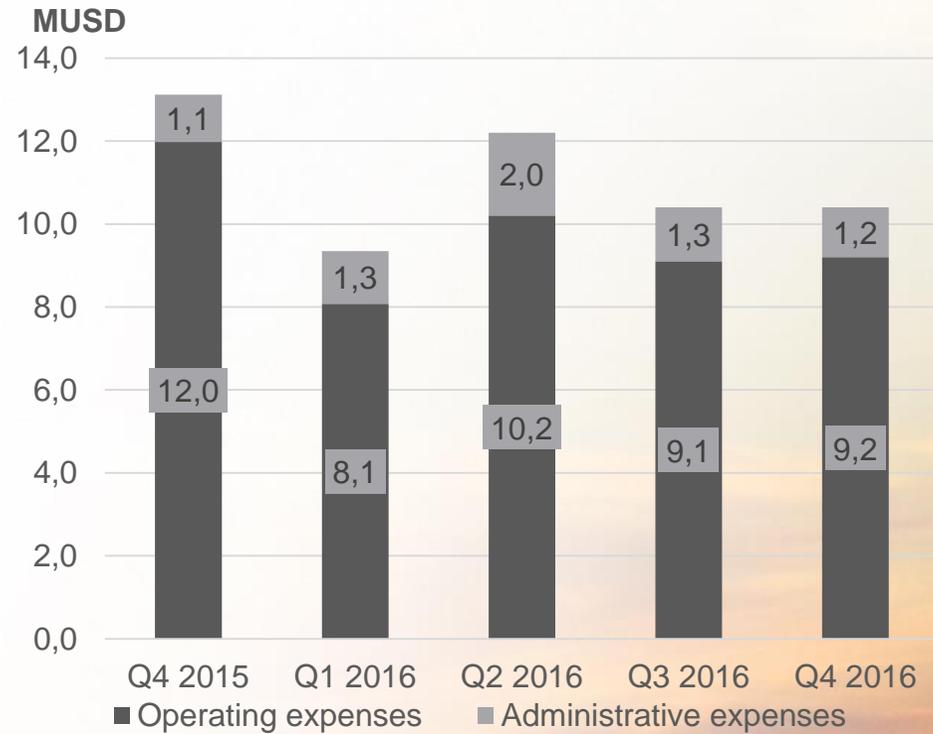
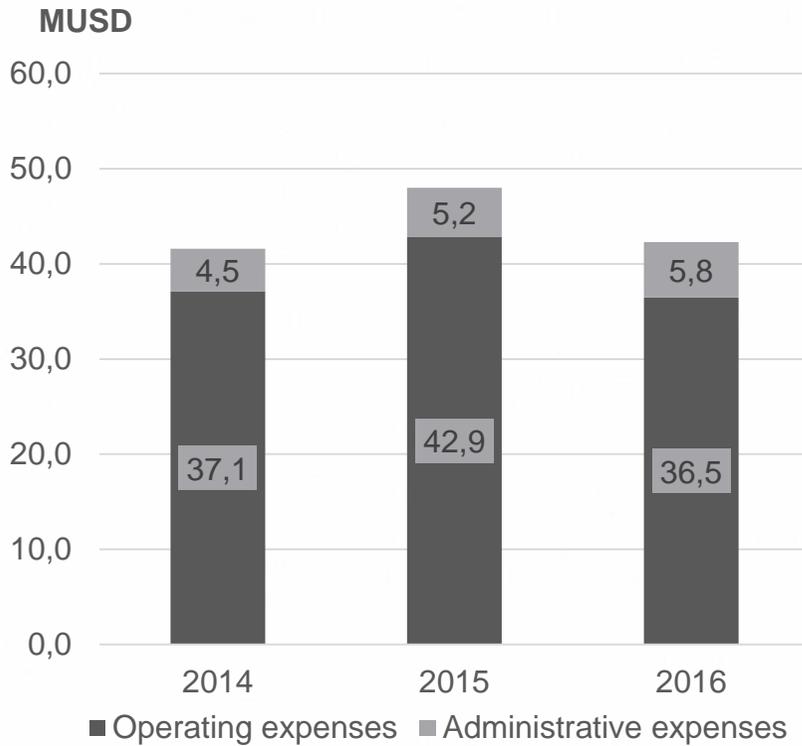
- Average achieved selling price amounted to USD 46.0/bbl, in line with Q3-16 (USD 45.8/barrel)
- International oil prices above USD 55/bbl as per year end
- 2 months delay in achieved selling price

EBITDA



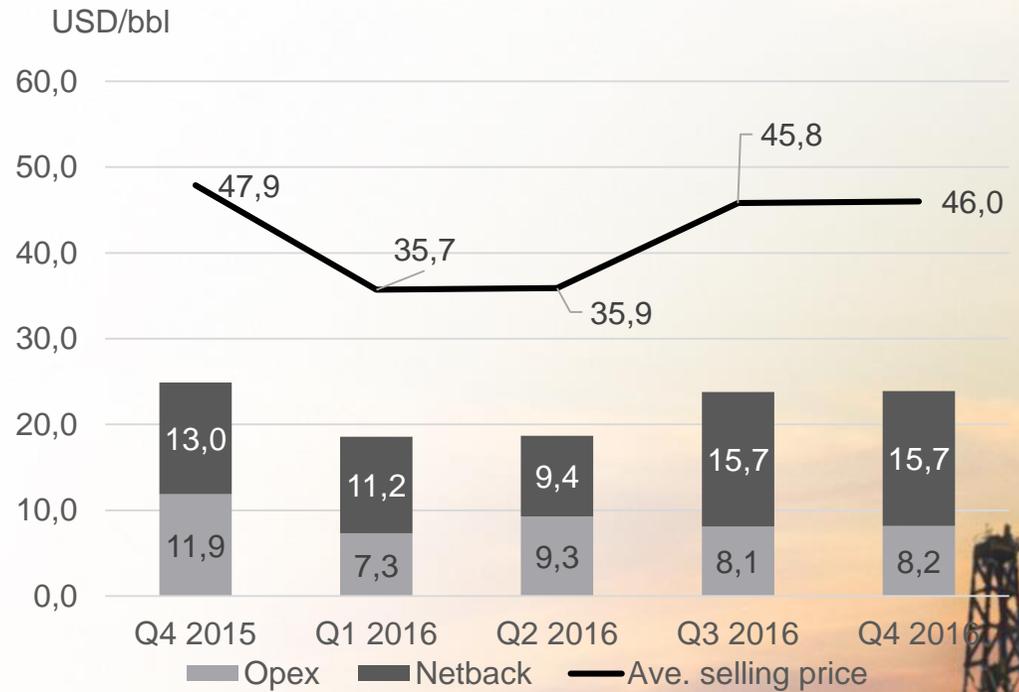
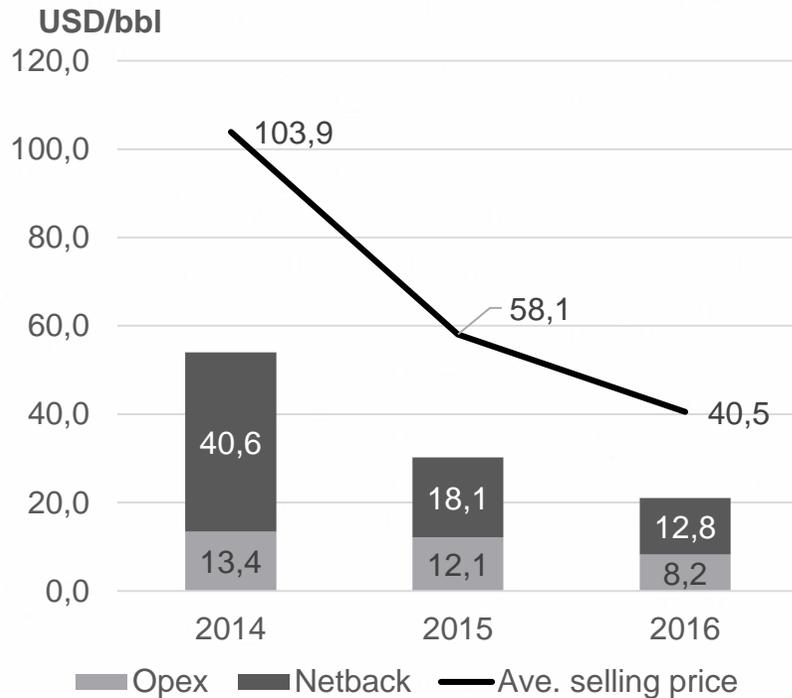
- EBITDA of MUSD 9.6 in Q4-16, down 39% compared with Q3-16 following export reporting error
- EBITDA margin amounted to 46% in Q4-16
- Excluding export reporting error, EBITDA would amount to MUSD 15.5

Expenses



- OPEX in line with Q3-16

Opex and Net back* per barrel (USD/bbl)**



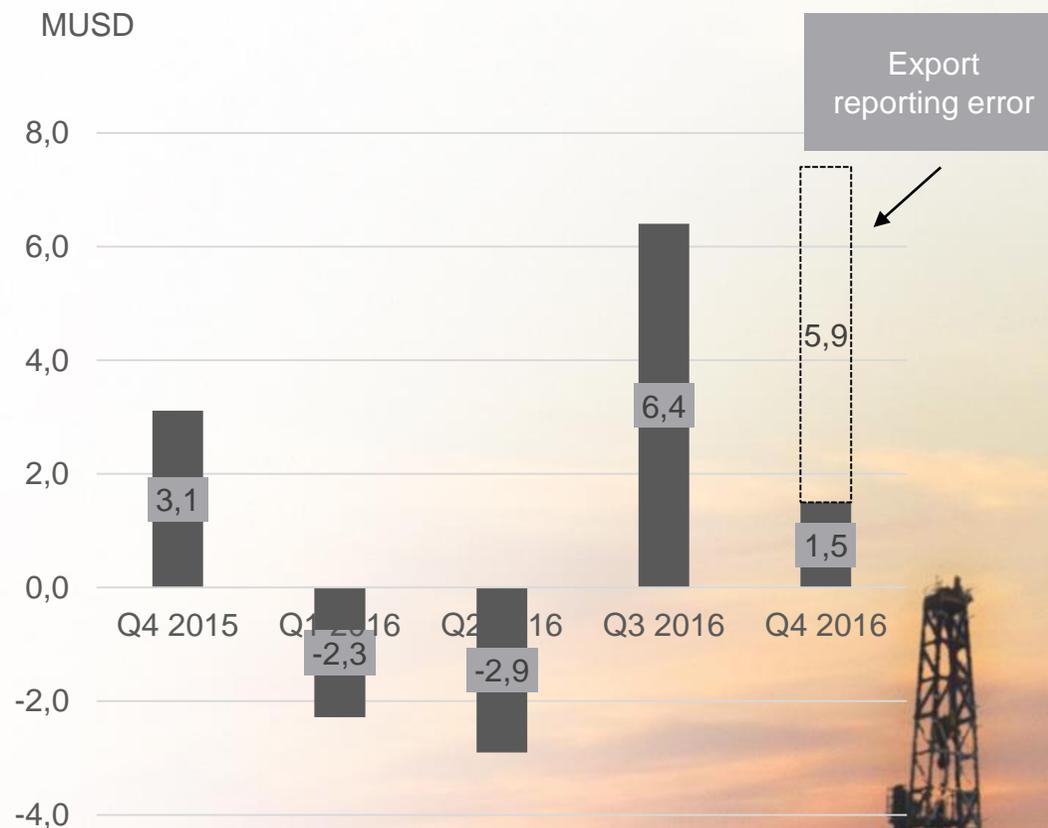
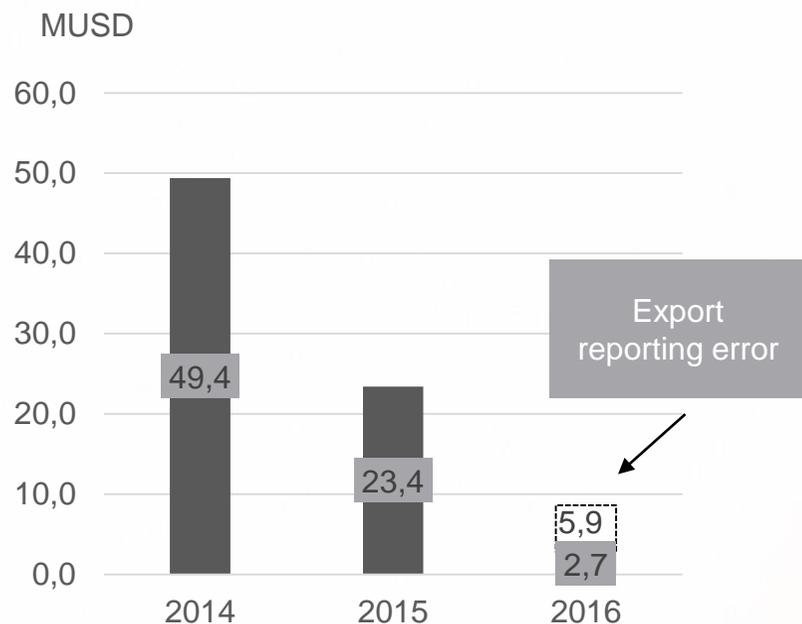
- OPEX per barrel as expected lower than in 2015, down 32% from 12.1 in 2015 to 8.2 in 2016
- OPEX per barrel in Q4-16 in line with Q3-16



* After government take

** Estimated effects of the export reporting error have not been included in the calculation of Net Back

Net result after tax



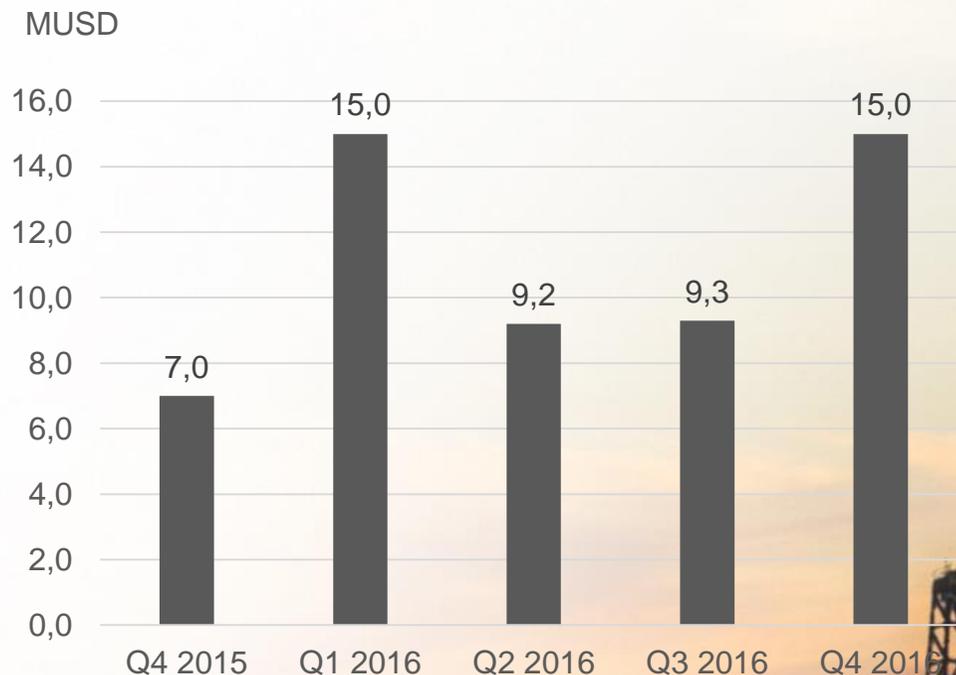
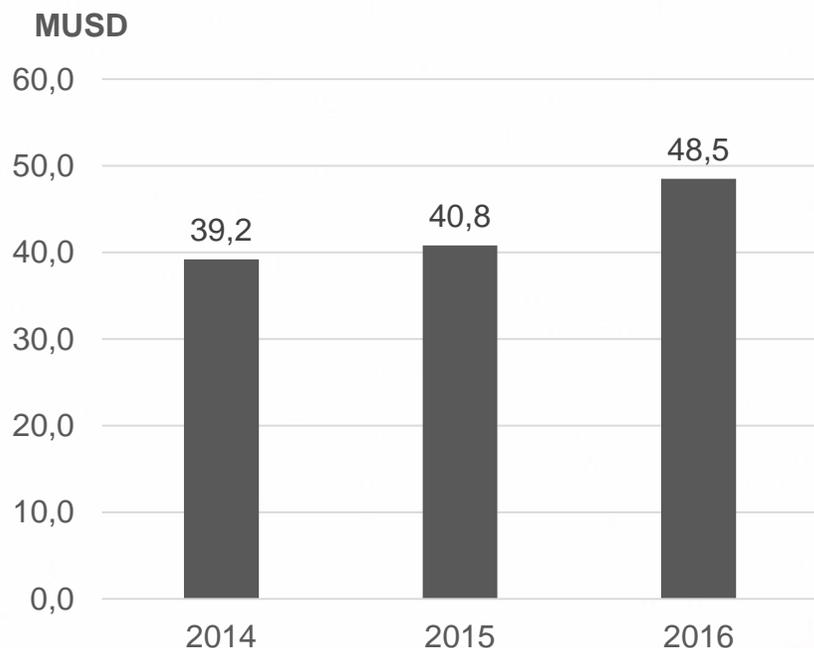
- Net result down following export reporting error
- Negative undiscounted net cash effect of export reporting error estimated to be less than MUSD 1.4

Balance Sheet

(MUSD)	2016-12-31	2016-09-30	2015-12-31
Net cash	39.0	48.2	51.2
Total assets	238.9	243.6	253.6
Shareholders' equity	196.8	210.7	217.2

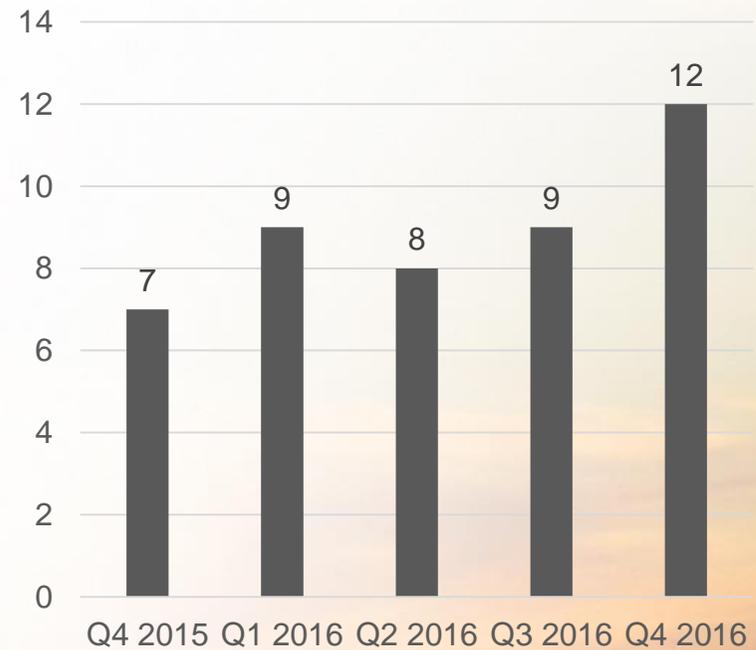
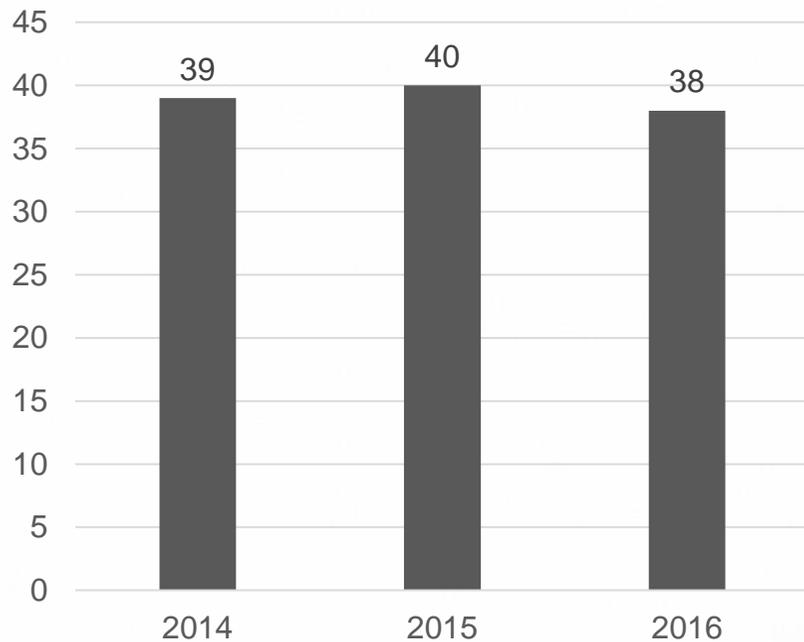
- Continued strong net cash position of MUSD 39
- SEK 3.00 per share (in total MUSD 12) distribute to shareholders through a share redemption programme in Q4-16
- Dividend of SEK 1.00 per share (in total MUSD 4), distributed to shareholders in Q2-16
- SEK 1.00 per share dividend proposed

Oil and gas investments



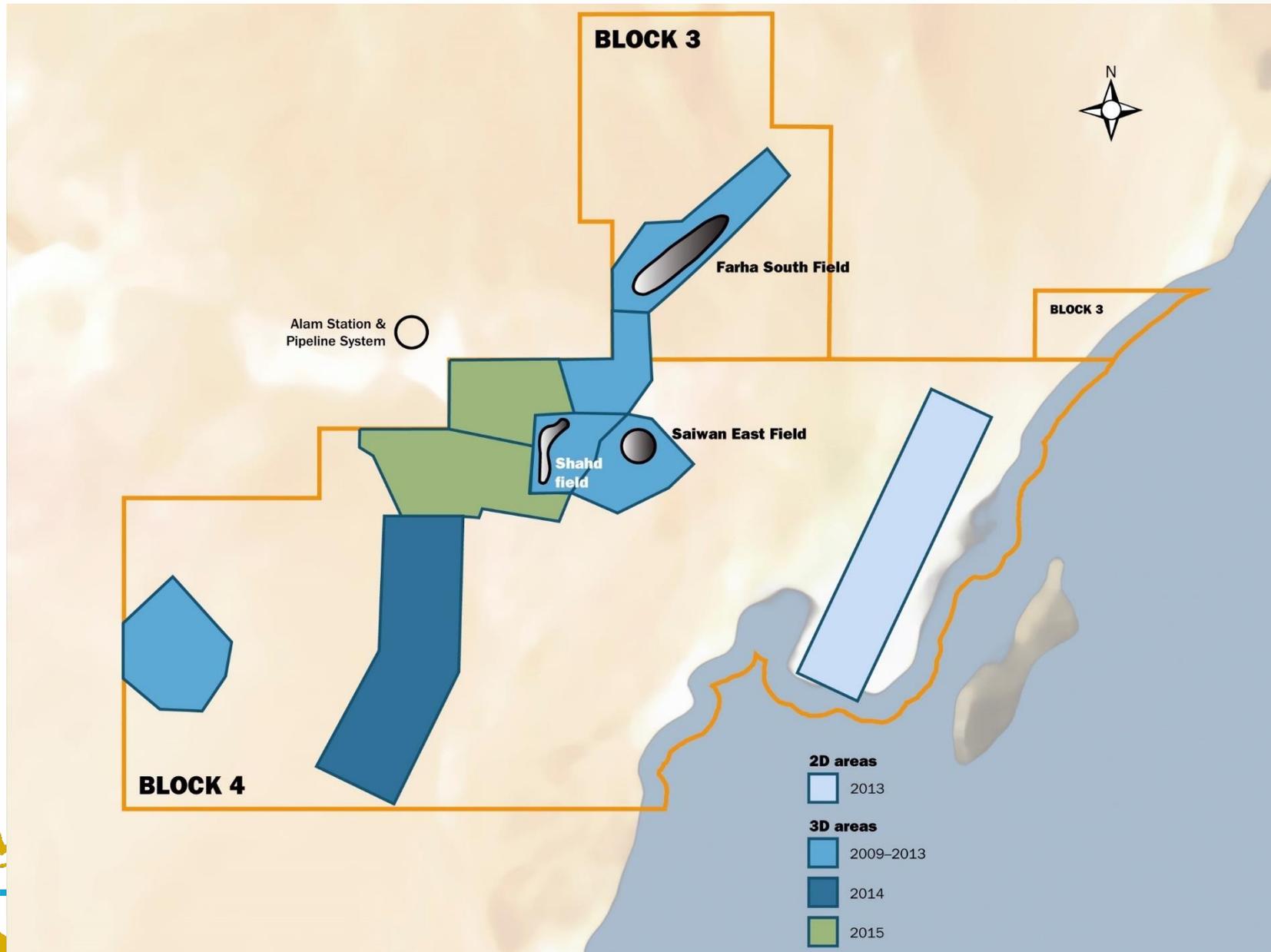
- Tethys Oil's investments in Blocks 3&4 amounted to MUSD 15.0 in Q4-16
- Operations and investments on Blocks 3&4 expected to continue to be funded from cash flow and available funds

Wells in Oman

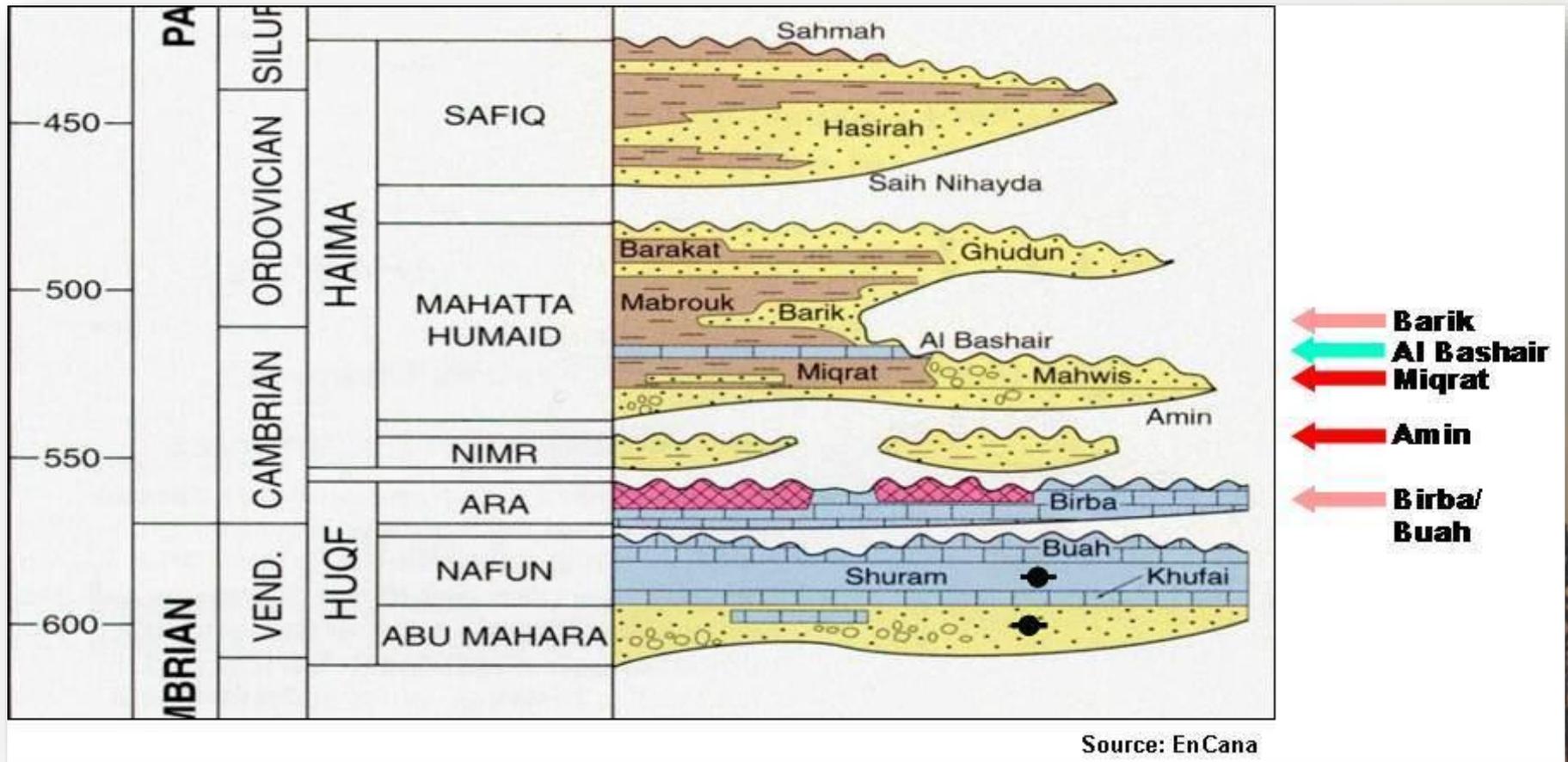


Wells completed Q4 2016	Farha South Field	Shahd and Saiwan East Fields	Total
Appraisal/Production	5	2	7
Water injection	2	1	3
Water source	-	2	2
	7	5	12

Blocks 3&4 overview



Blocks 3&4, Oman - Stratigraphy

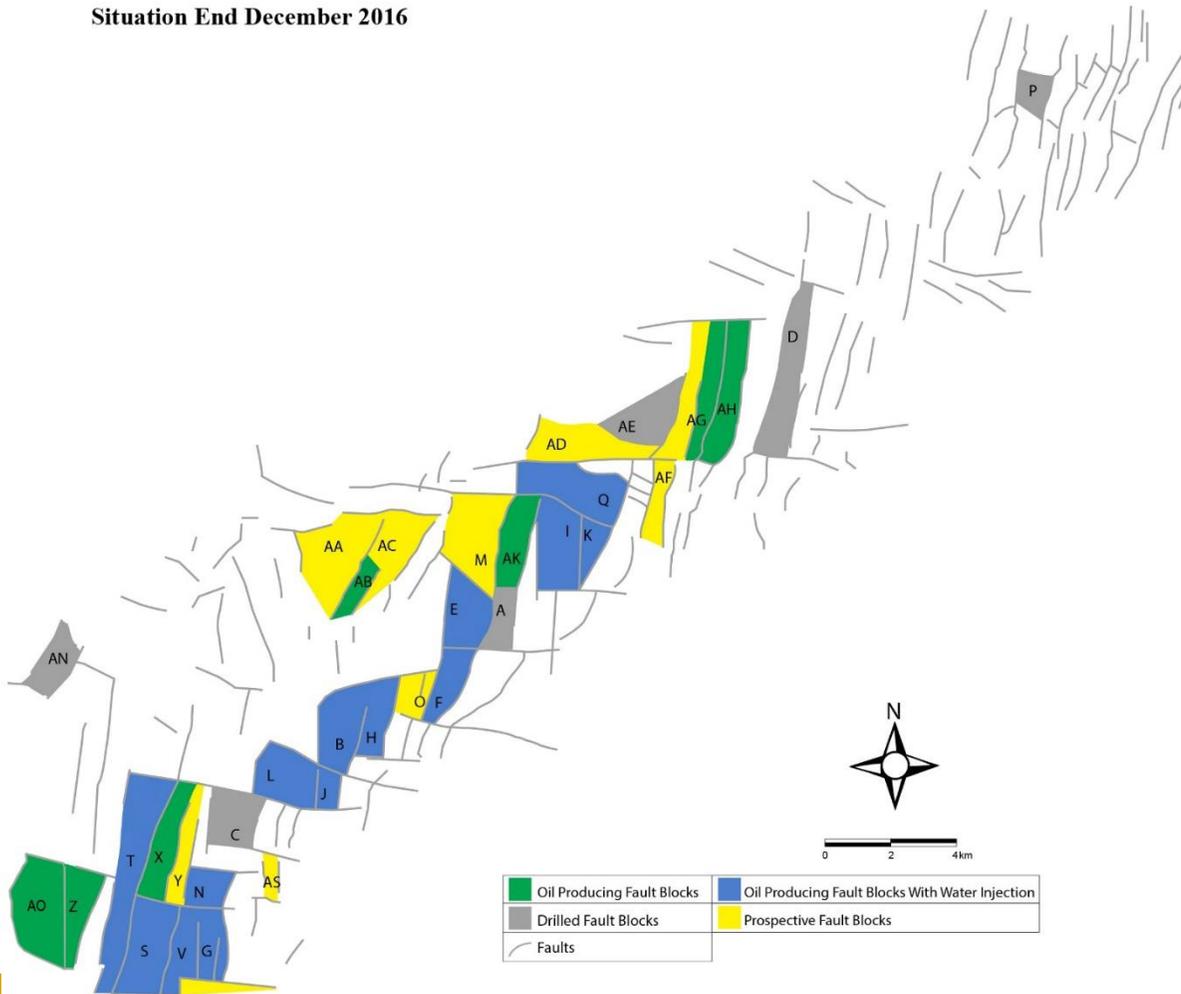


- Barik, Khufai, Buah and Lower Al Bashir currently producing

Farha South field, 31 December 2016

FARHA SOUTH FIELD

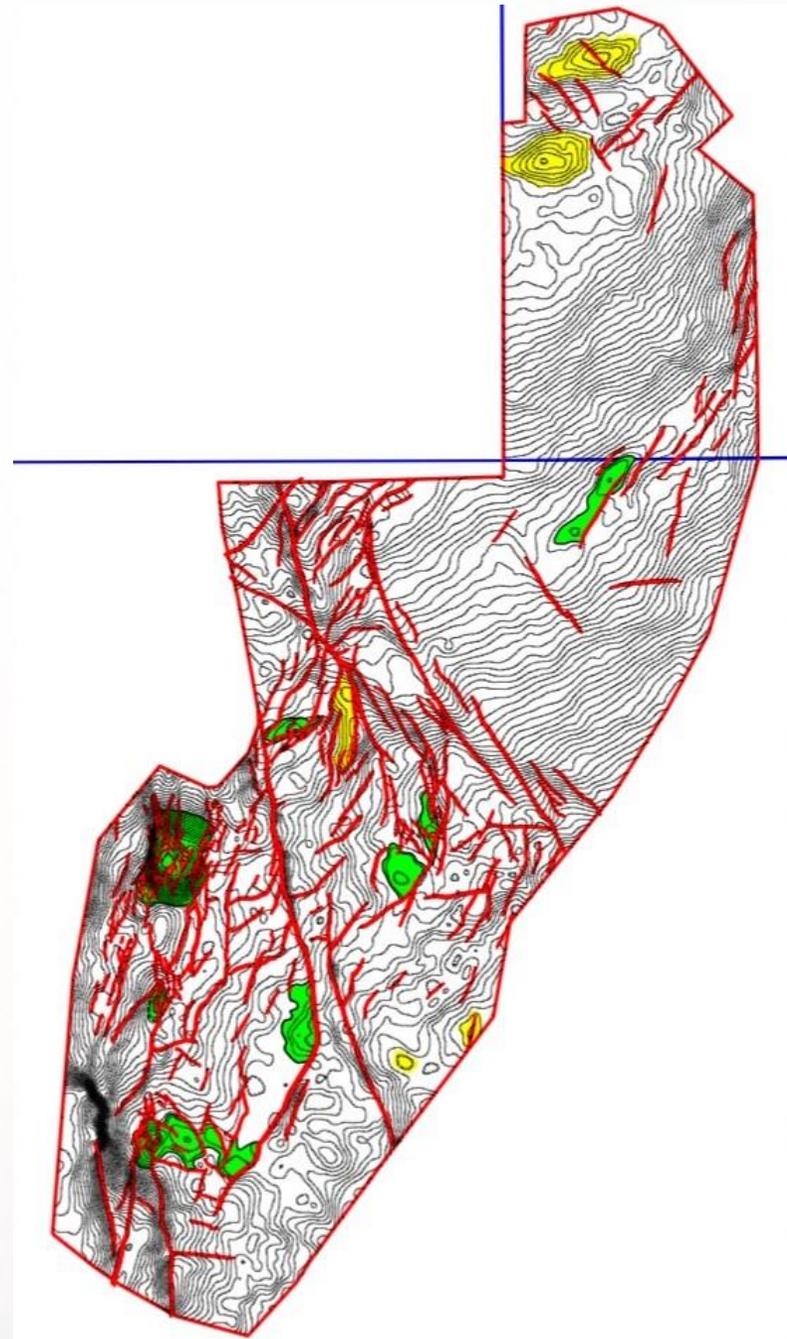
Situation End December 2016



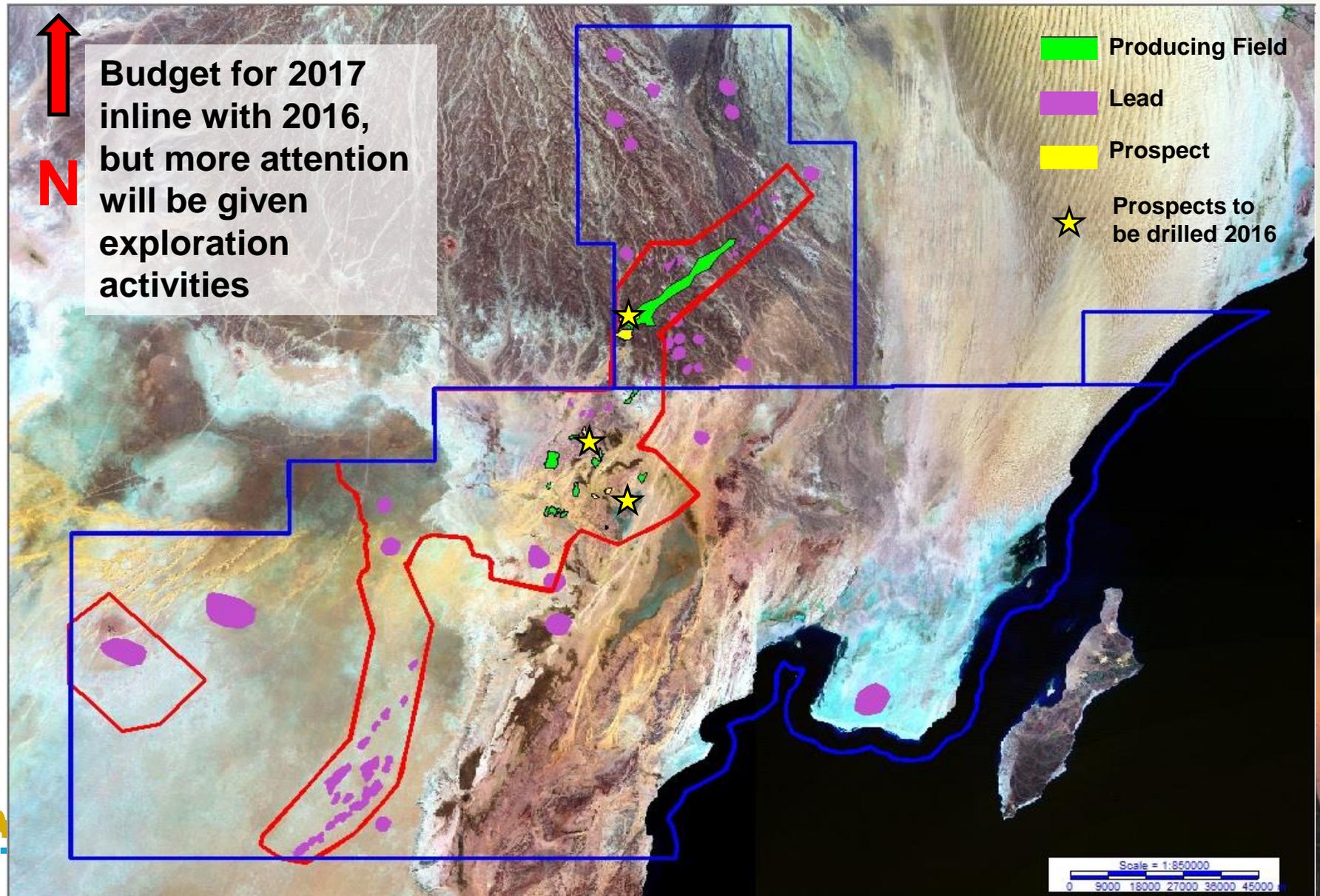
- Five new production/appraisal wells drilled in Q4-16.
- One previously undrilled fault block successfully drilled and put into production

Shahd Oil field

- 2 production wells drilled in Q4-16, both encountered oil and are connected to production system
- One new injector well and two water source wells drilled. Positive effects from water injection, but slower than expected implementation of injection programme



Leads and Prospects in Blocks 3&4



Conclusion

- **2P reserves as per 31 Dec 2016 increased to 21.4 MMBO, representing an RRR of 171%**
- **Production growth continues, 25% higher production in 2016 compared with 2015**
- **Estimated effect of reporting error reduces revenue and result by MUSD 5.9. Negative undiscounted net cash effect estimated to less than MUSD 1.4**
- **SEK 1.00 per share dividend proposed**
- **Budget for 2017 inline with 2016, but more attention will be given to exploration activities**
- **Exploration wells: one being drilled and one under evaluation**
- **One new previously undrilled Farha South fault block successfully drilled and put into production**

Q1 2017

Will be published 2 May 2017!



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