



Tethys Oil
Q3 2018
6 November 2018



Q3-18 Highlights

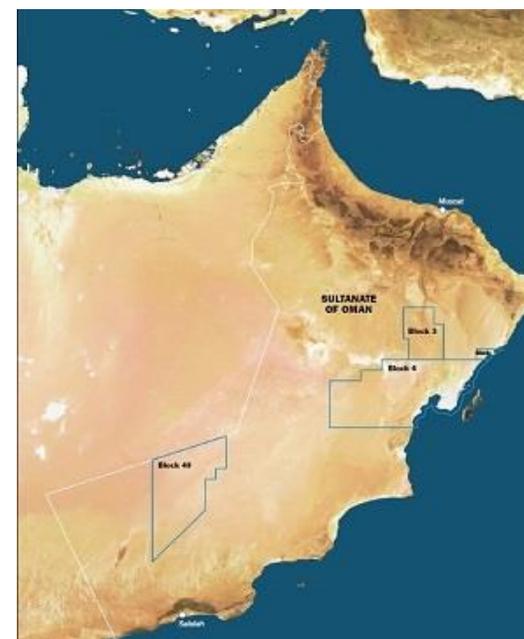
(MUSD)	Q3-18	Q2-18	Q3-17	FY-17
Revenue and other income	42.3	36.4	28.5	119.3
EBITDA	30.1	24.3	18.2	78.2
Operating result	18.5	12.9	8.2	38.4

- Production from Blocks 3&4 amounted to 11,857 bopd (Q2-18: 11,733 bopd)
- Average selling price per barrel of USD 74.3, up 13% compared with Q2-18
- Net cash of MUSD 63.7, up 79% from MUSD 35.8 in Q2-18
- One successful appraisal well drilled on the 2017 discoveries
- Testing operations at Luja-1 has commenced
- Seismic acquisition programme on Blocks 3&4 of 2,750 km² has been completed, interpretation ongoing

Tethys Oil's main assets

	Country	Licence	Area, km ²	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2017 (mmbo)		Production, net, Q3 2018 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	22.0	17.3	11,857
	Lithuania	Gargzdai	884	25%	Odin Energi, Lotos Geonafta	-	-	85
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui			
	Oman	Block 49	15,439	100%	Tethys Oil			

* Operator in bold



Distributions to shareholders

SEK/share (Payment year)	2018	2017	2016	2015
Ordinary dividend	2.00	1.00	1.00	1.00
Extraordinary distribution	4.00	-	3.00	2.00
Total	6.00	1.00	4.00	3.00
Dividend yield at announcement	10%	1%	7%	4%

- In Q2-18, first instalment of SEK 1.00 per share of the ordinary dividend was paid
- Second instalment of 2018 dividend will be paid in November 2018 (last day of trading in the share including the right to receive dividends is 12 November 2018)
- An extraordinary distribution of SEK 4.00 per share by way of a mandatory share redemption programme was conducted in Q2-18
- In total, MUSD 19 was distributed to shareholders in Q2-18
- Tethys Oil has distributed more than MUSD 50 to the shareholders since 2015

Reserves and resources at 31 Dec 2017

Reserves Blocks 3&4 Oman (audited)

<i>mmbo</i>	1P	2P	3P
Farha South	9.2	11.8	16.1
Shahd	3.4	5.6	8.9
Saiwan East	0.6	1.3	1.8
New areas	2.3	3.4	5.7
Total	15.6	22.0	32.4

- 2017 Internal 2P reserve replacement ratio of 114%

The revised time plan for the Ulfa EPF has resulted in a delay of that part of the appraisal programme which relates to pressure data and production levels. This may affect the proportion of the contingent resources being converted to reserves at year-end.

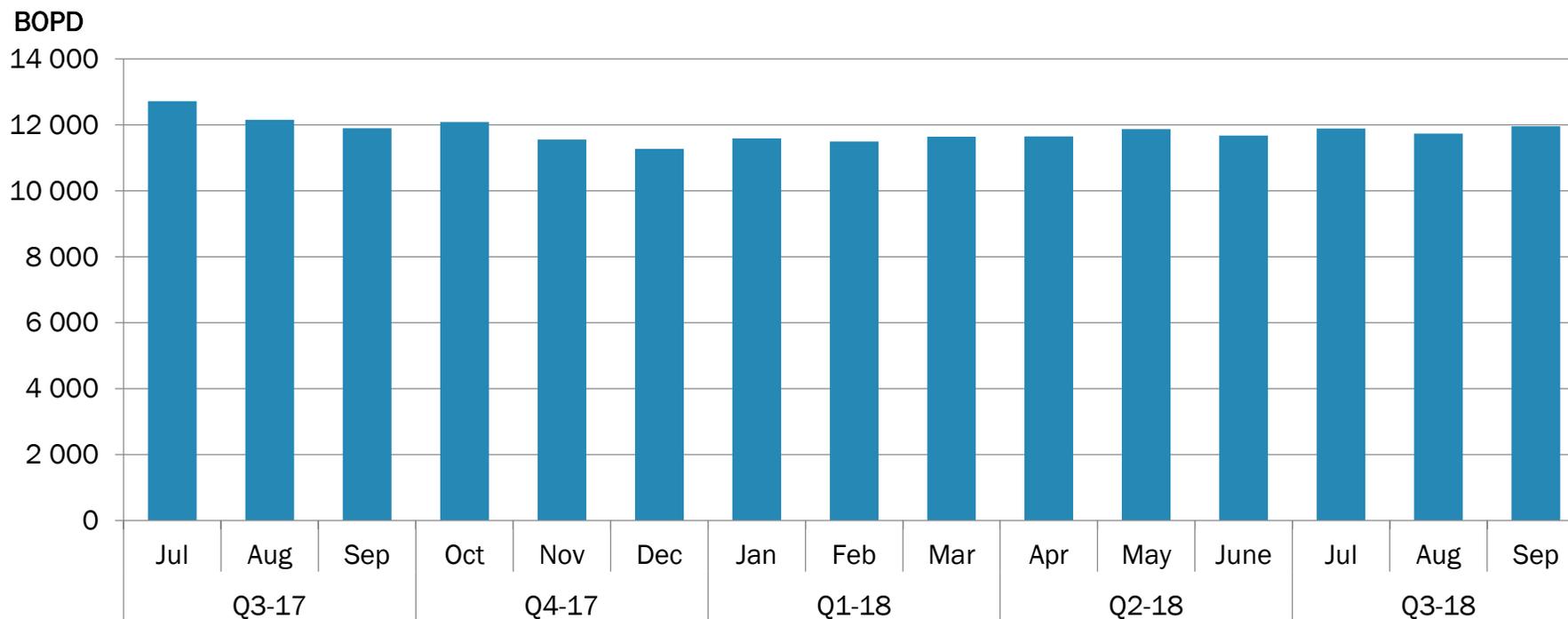
Contingent Resources Blocks 3&4 Oman (audited)

<i>mmbo</i>	1C	2C	3C
Total	10.1	17.3	27.3

- Contingent resources relate to the Erfan, Ulfa and Samah discoveries made in 2017
- The resources are contingent on the on-going appraisal programme and a work programme and budget to develop them

2017 year-end reserves and resources report prepared by ERCE

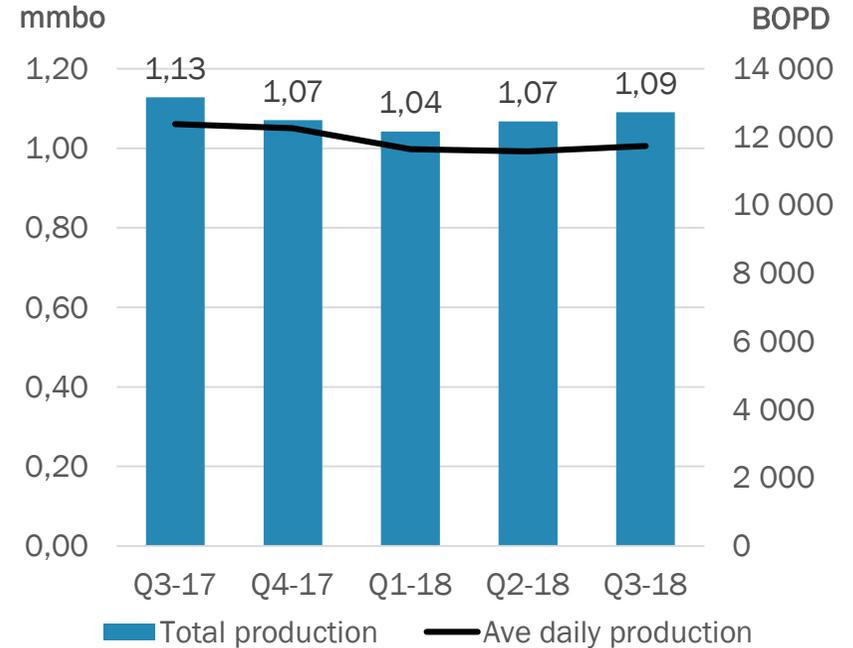
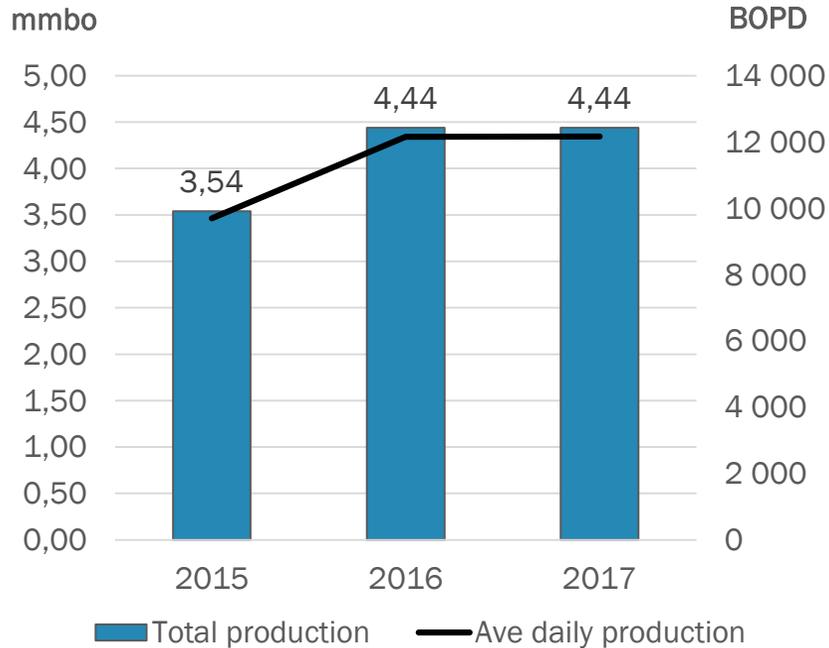
Net production development, Blocks 3&4



The production guidance for 2018 is a monthly average production of between 11,000-13,000 barrels of oil per day.

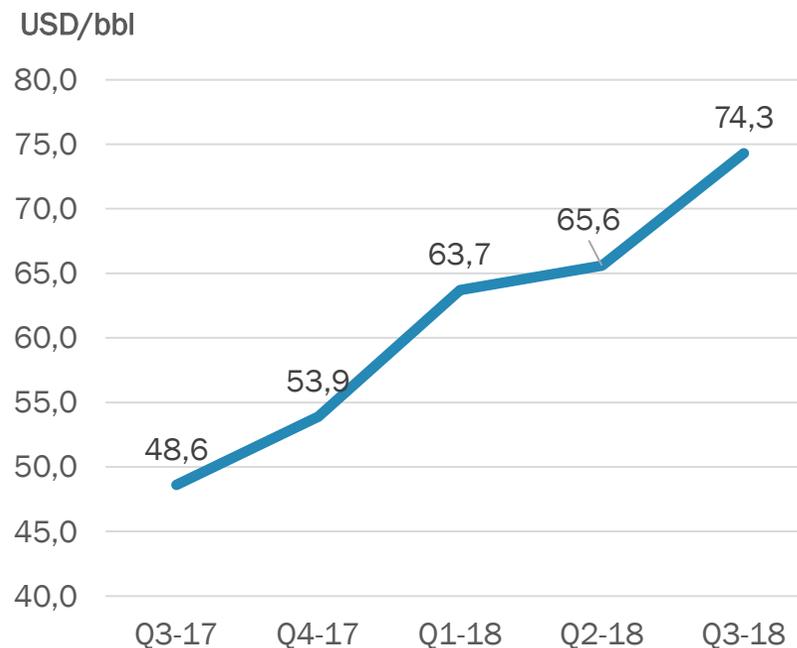
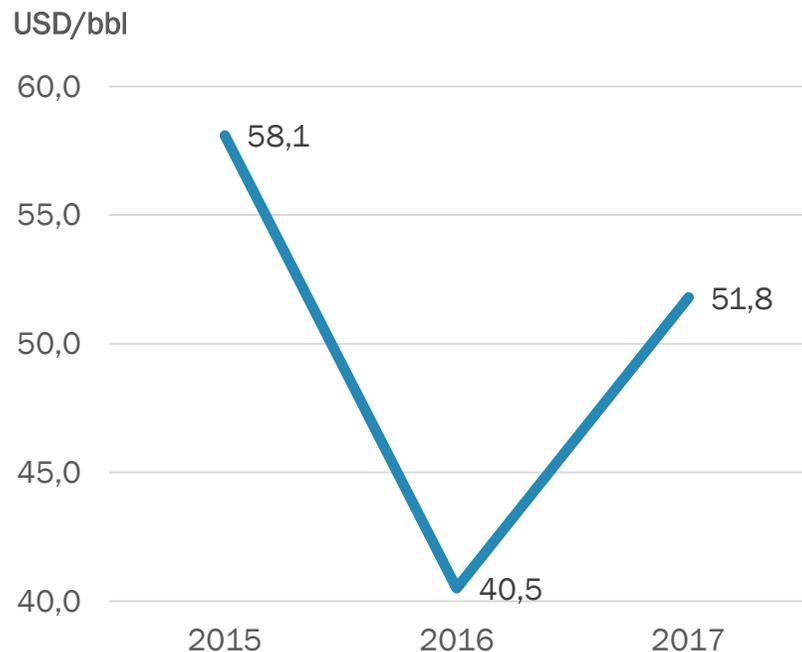
The monthly average production is anticipated to increase towards the higher end of production guidance by year-end. This anticipated increase will follow once the Ulfa EPF is up and running.

Production, Blocks 3&4



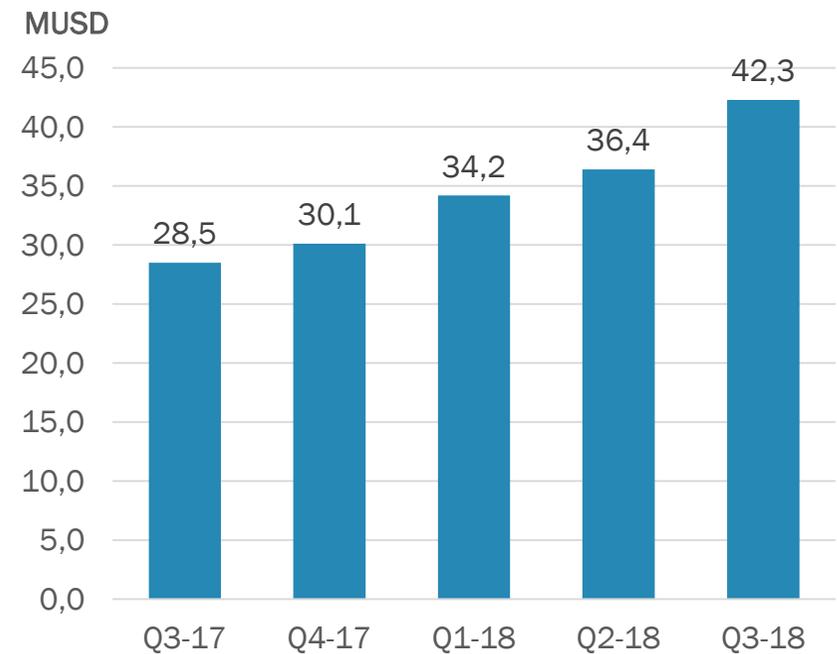
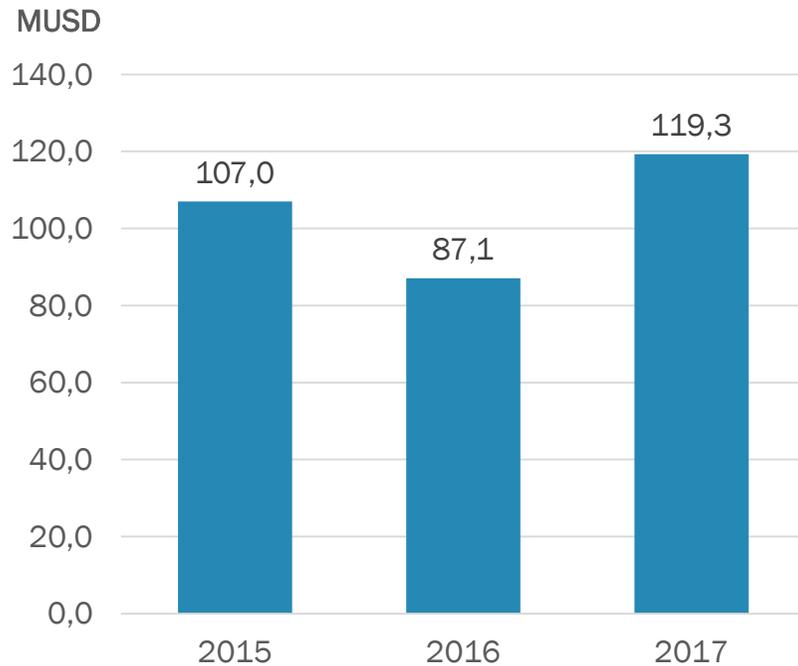
- Average daily production in Q3-18 oil production increased slightly in the Q3-18 and amounted to **11,857 bopd** (Q2-18: **11,733 bopd**)

Average achieved selling price per barrel



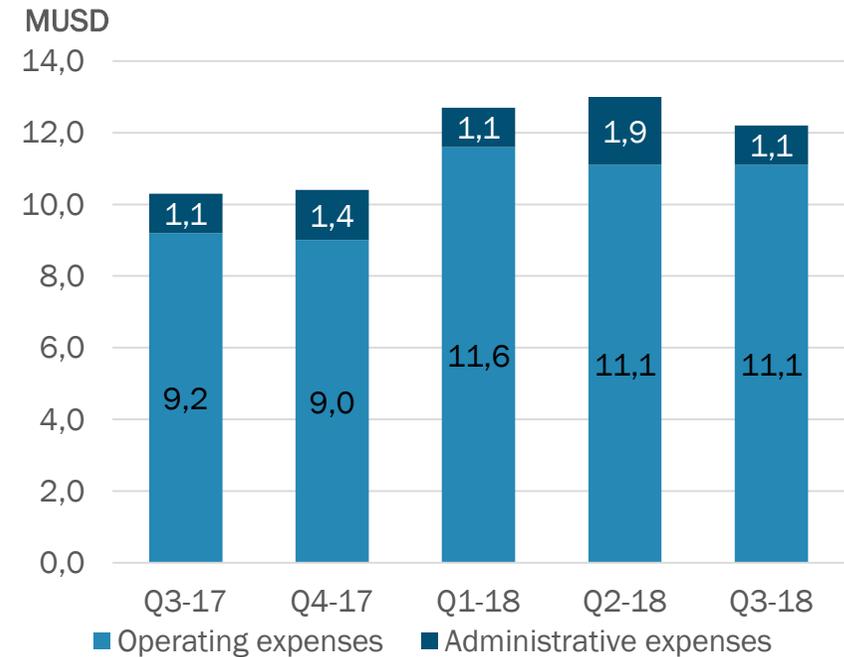
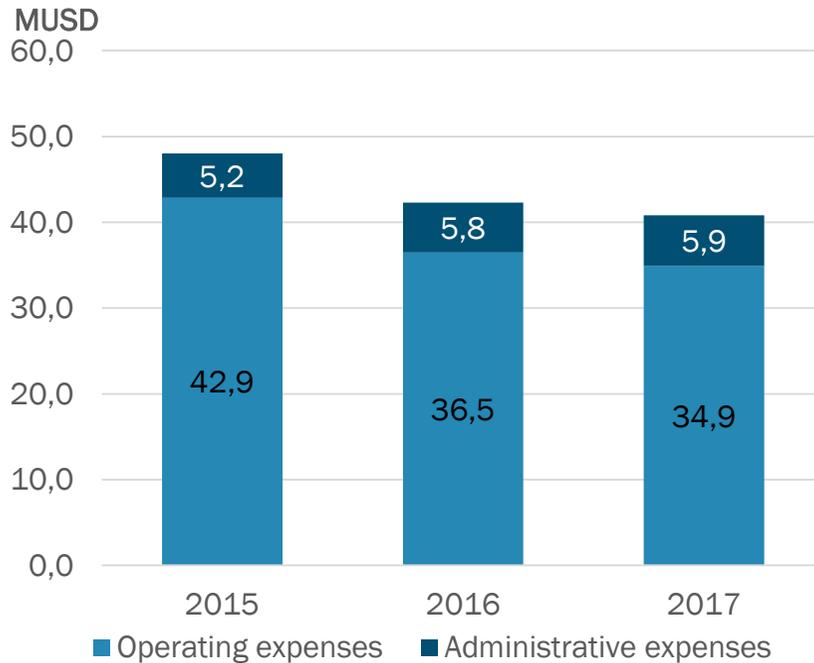
- Continued strengthening of the oil prices - average achieved selling price up **13%** to USD 74.3/bbl, (Q2-18:USD 65.6/bbl)
- Selling price – effective two month lag to spot price

Revenue and other income



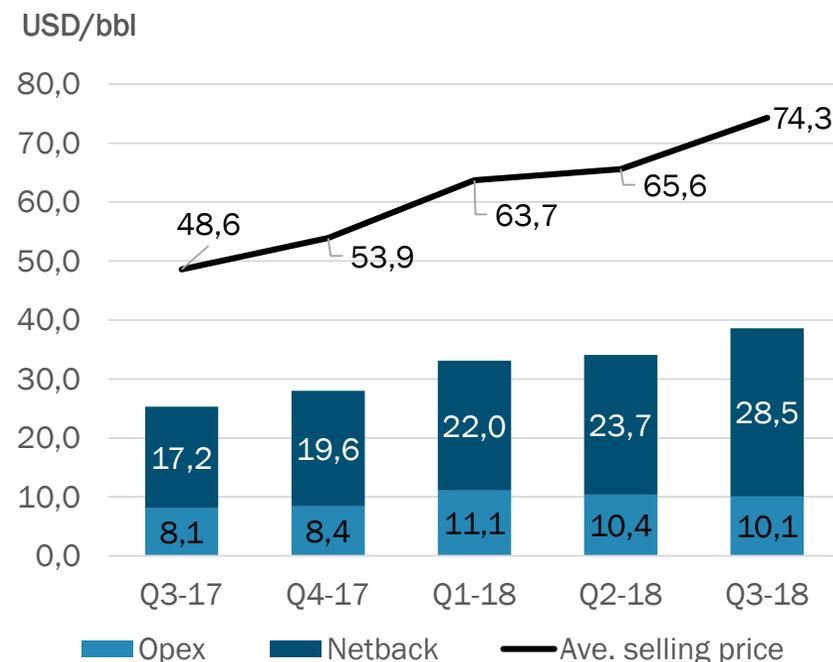
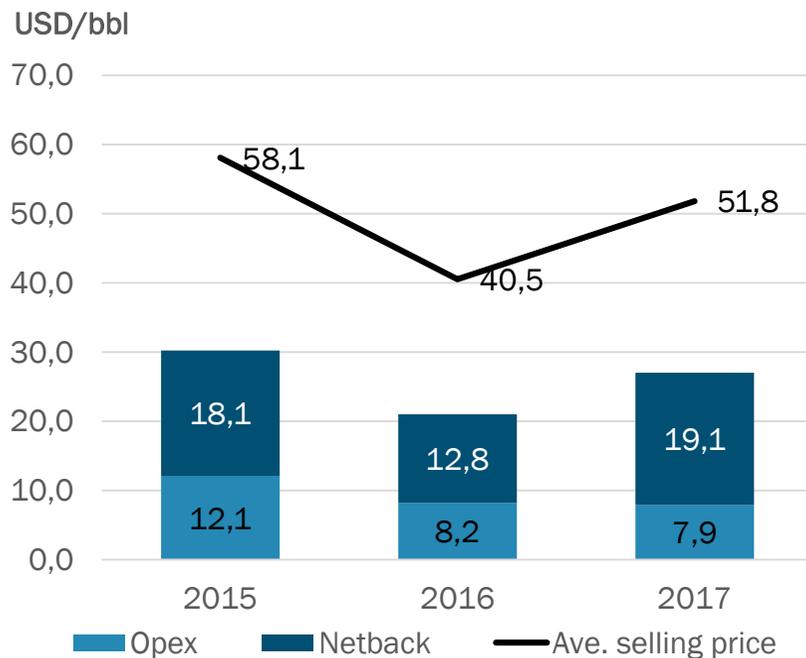
- **Q3-18 Revenue and other income amounted to MUSD 42.3, up 16% compared with Q2-18, primarily a result of the increase in oil prices**

Expenses



- **Operating expenses in Q3-18 of MUSD 11.1 in line with Q2-18 (MUSD 11.1)**

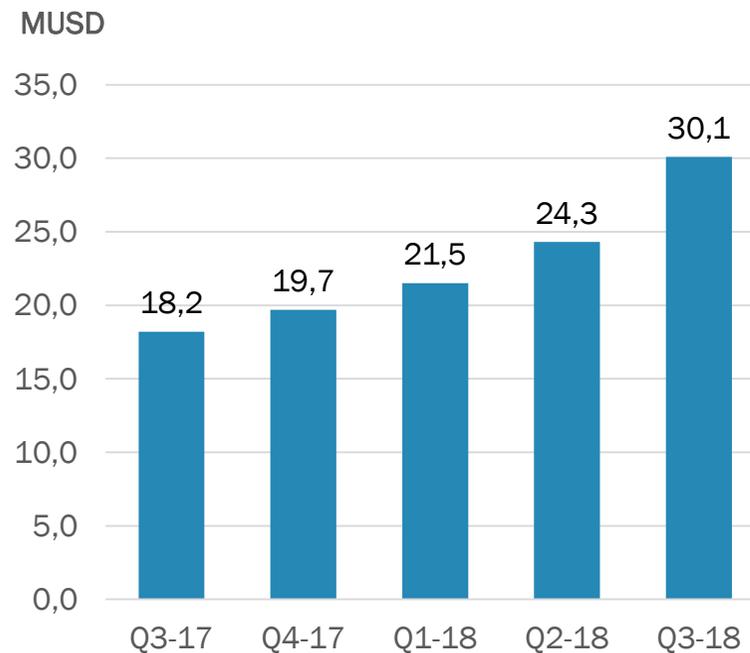
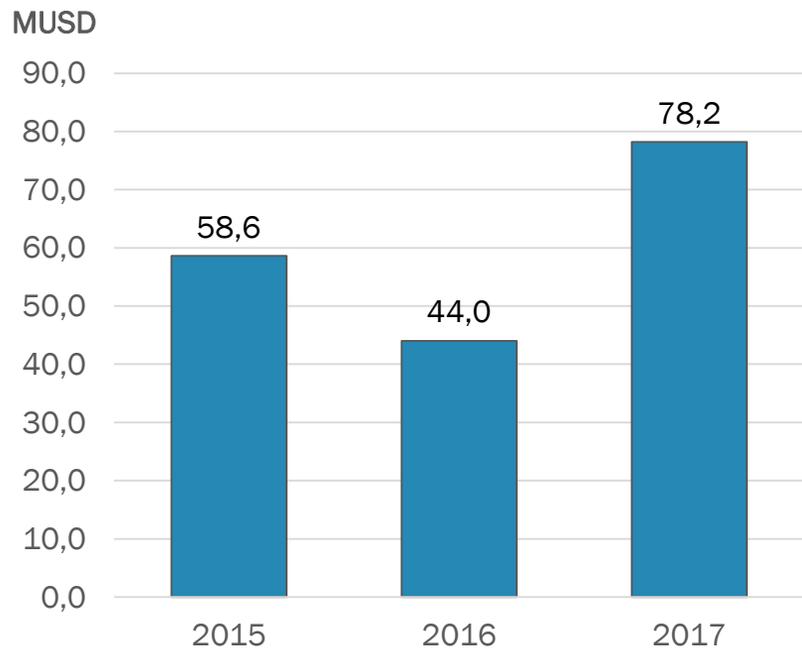
Opex and Netback* per barrel (USD/bbl)



- Netback up 20% in Q3-18 compared with Q2-18 due to higher oil prices and slightly lower operating expenses per barrel

* After government take

EBITDA



- EBITDA of MUSD 30.1 in Q3-18, up 24% compared with Q2-18
- EBITDA margin of 71% in Q3-18, compared with 67% in Q2-18

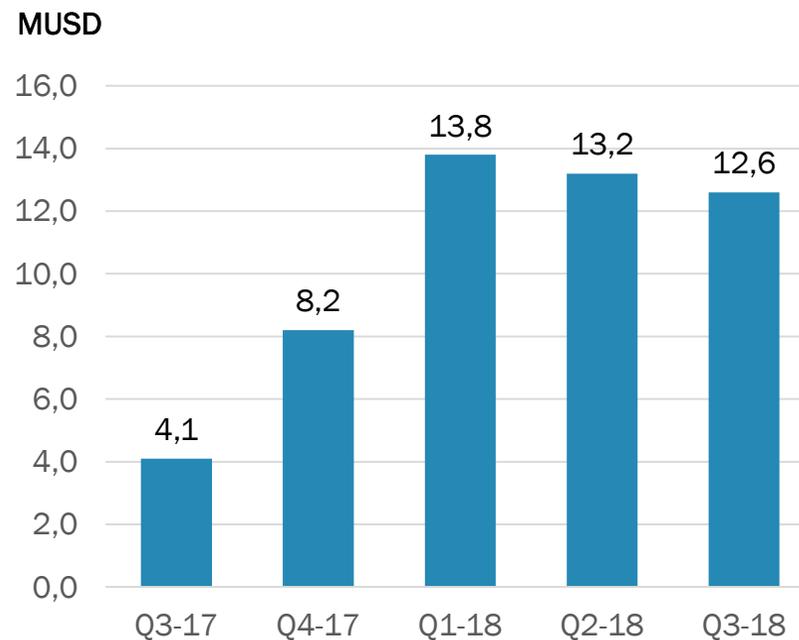
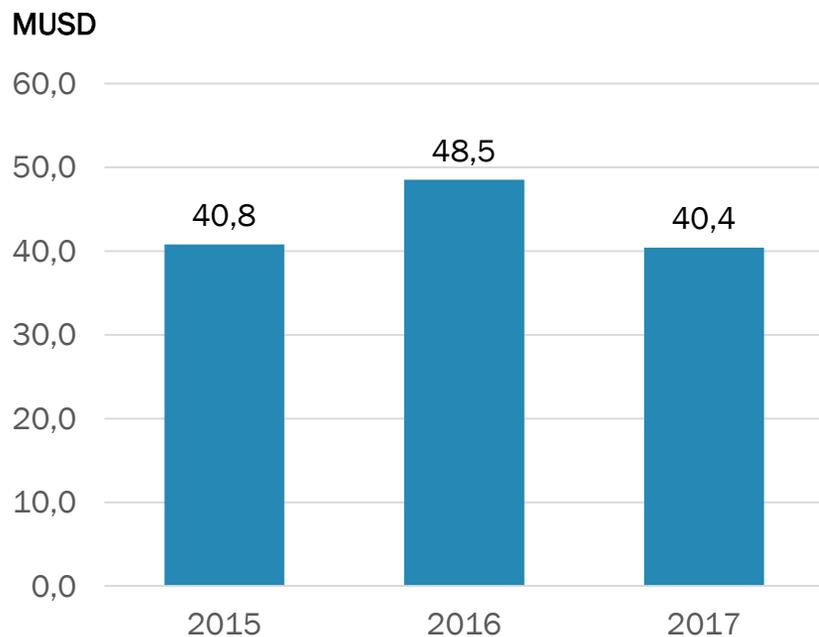
Balance Sheet

(MUSD)	2018-09-30	2018-06-30	2017-12-31	2017-09-30
Net cash	63.7	35.8	42.0	47.5
Total assets	272.5	244.1	244.7	250.2
Shareholders' equity	252.1	230.8	228.5	221.1

Strong cash generation:

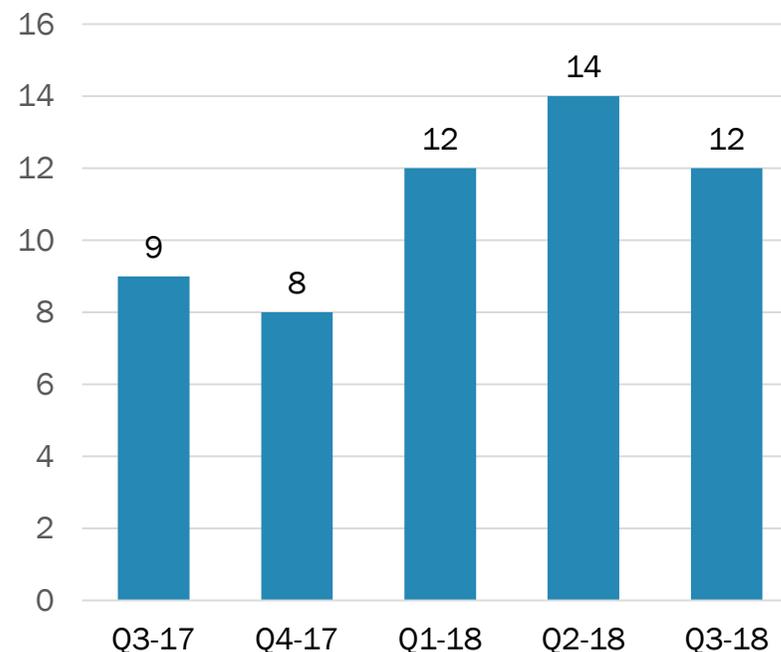
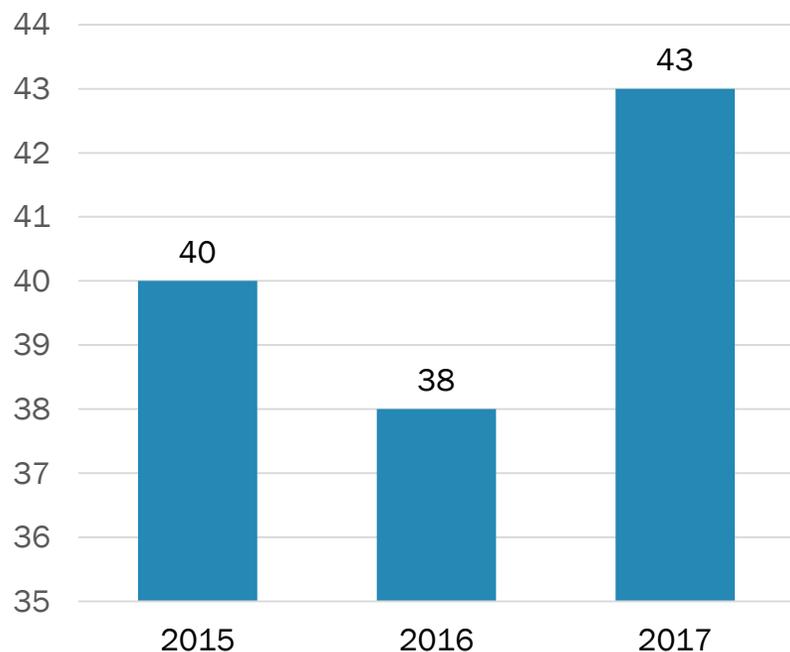
- net cash flow generation of more than MUSD 40 in the first nine months, of which MUSD 19 was distributed to shareholders during Q2-18
- second instalment of SEK 1.00 per share of the 2018 ordinary dividend to be distributed in November

Oil and gas investments



- Tethys Oil's investments amounted to MUSD 12.6 in Q3-18
- Investment guidance 2018: MUSD 53-62

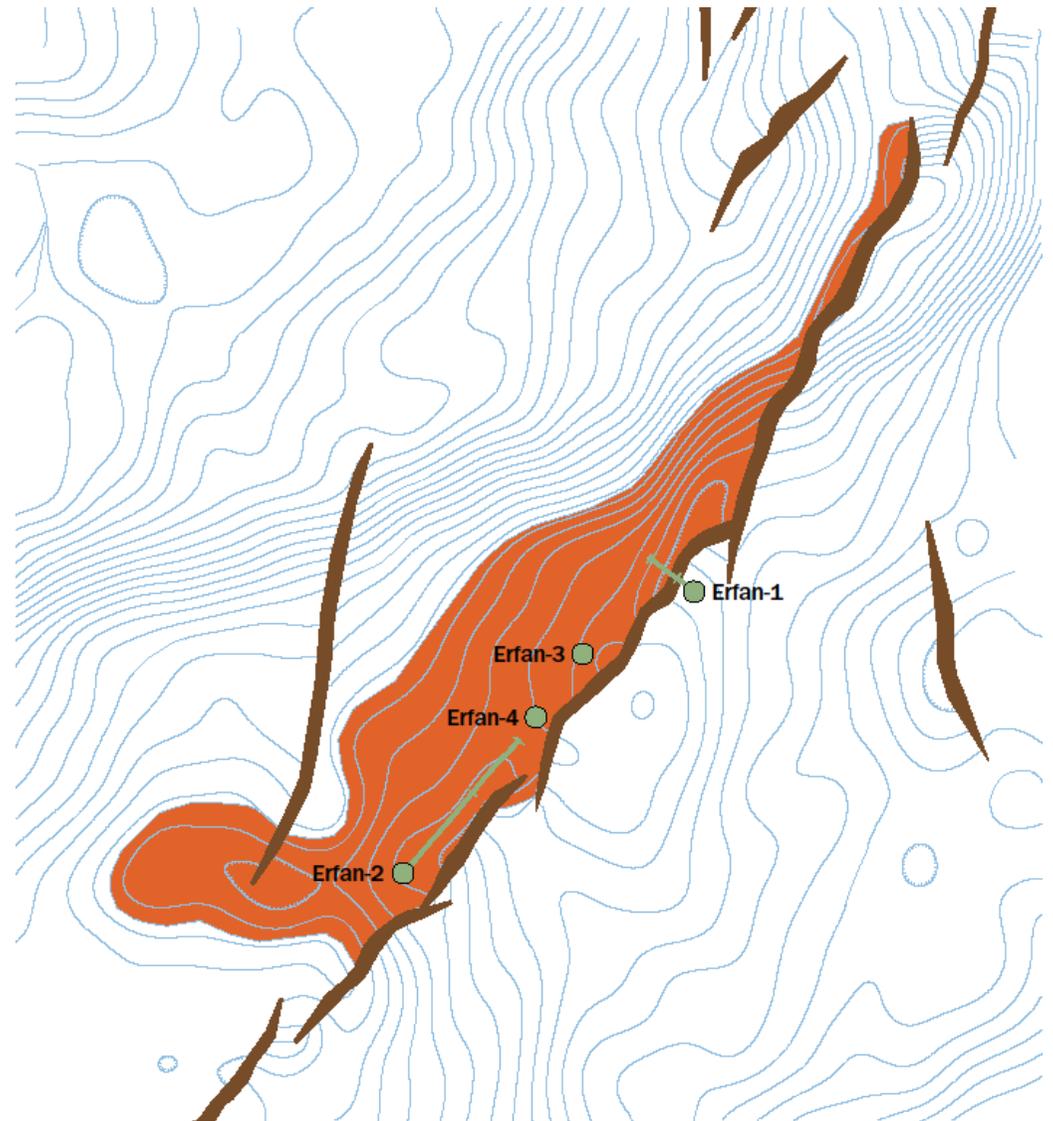
Wells on Blocks 3&4



Wells completed Q3-18 (primary purpose)	Discoveries made 2017	Farha South	Shahd and Saiwan East	Near and far field exploration	Total
Appraisal/Production	1	6	-	-	7
Water injection	-	5	-	-	5
Water source	-	-	-	-	-
Exploration	-	-	-	-	-
Total	1	11	-	-	12

Erfan appraisal

- Location: 6 km south west of the Saiwan East field on Block 4
- In production and connected to the facilities at Saiwan East field
- Discovery well drilled in Q1-17
- Appraised with two further wells in 2017 and one in 2018



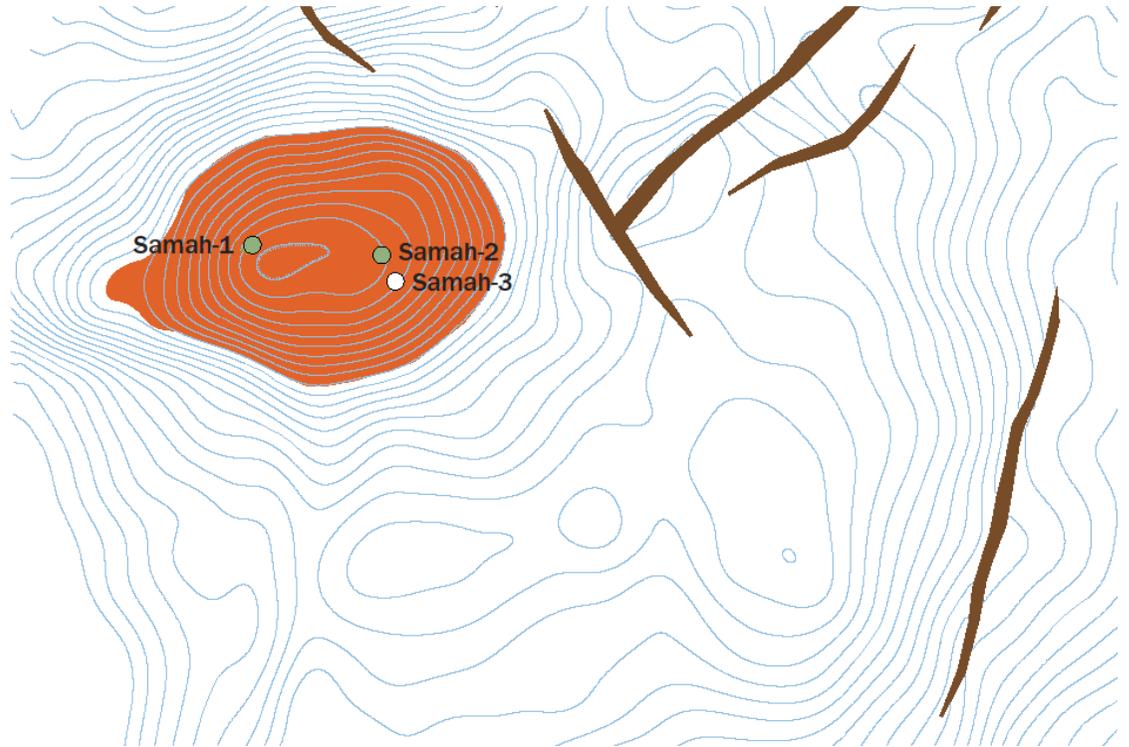
Ulfa appraisal/development

- Location: South of the Farha South field, along the Farha South trend
- Discovery well drilled in Q2-17
- Appraised with two successful wells in Q2-18. Both wells encountered oil and results were as, or slightly better than, expected
- Ulfa-4 and Ulfa-5 appraisal wells are drilling. Drilling of Ulfa-6 planned to commence in Q4-18
- Ulfa-1 and Ulfa-2 in production and temporarily connected to Farha South facilities. All wells to be connected to Ulfa EPF, expected to be commissioned during November 2018



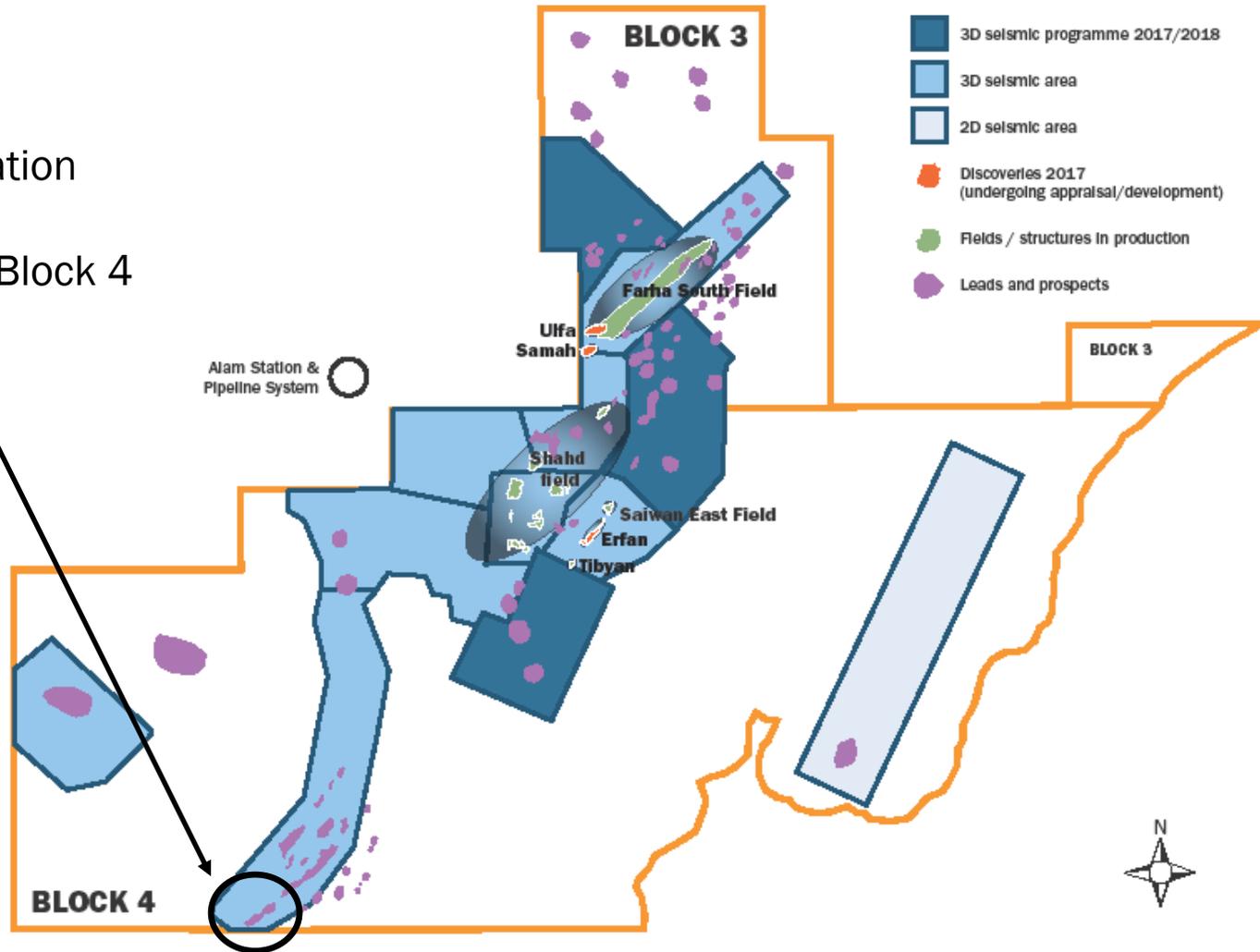
Samah appraisal/development

- Location: 5 km south of the Ulfa discovery
- Discovery well drilled in Q4-17
- Samah-2 well successfully drilled in Q3-18
- Drilling of Samah-3 is expected to commence in Q4-18
- Samah-1 in production and temporarily connected to Farha South facilities. All wells to be connected to Ulfa EPF



Fields, Discoveries, Leads and Prospects, Blocks 3&4

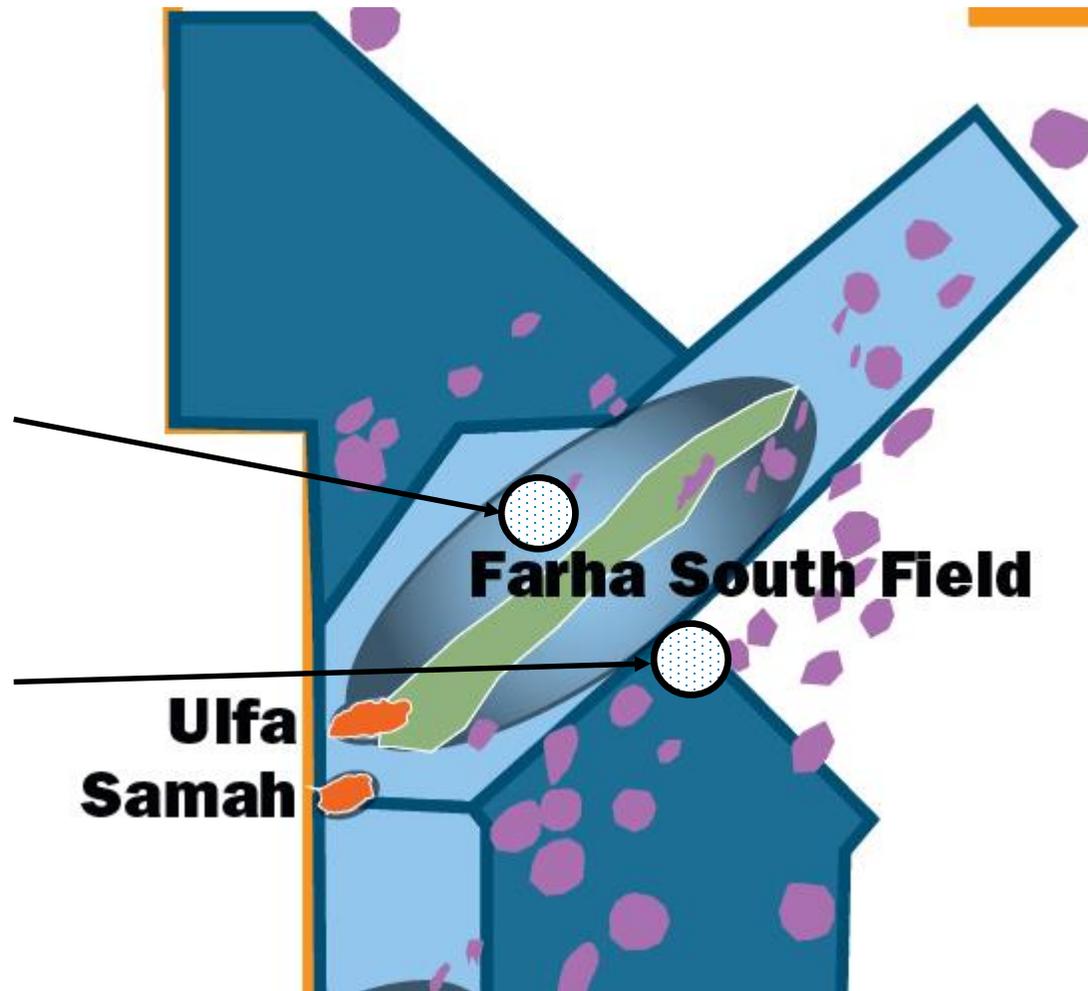
Testing of exploration well Luja-1 in the southern part of Block 4 has commenced



Exploration wells

Two exploration wells planned for Q4-18:

- about 10 km northeast of the Ulfa discovery, a near field Ulfa/Samah analogy well
- about 11 km east of the Farha South infrastructure to explore deeper sections of Block 3



Block 49, Oman

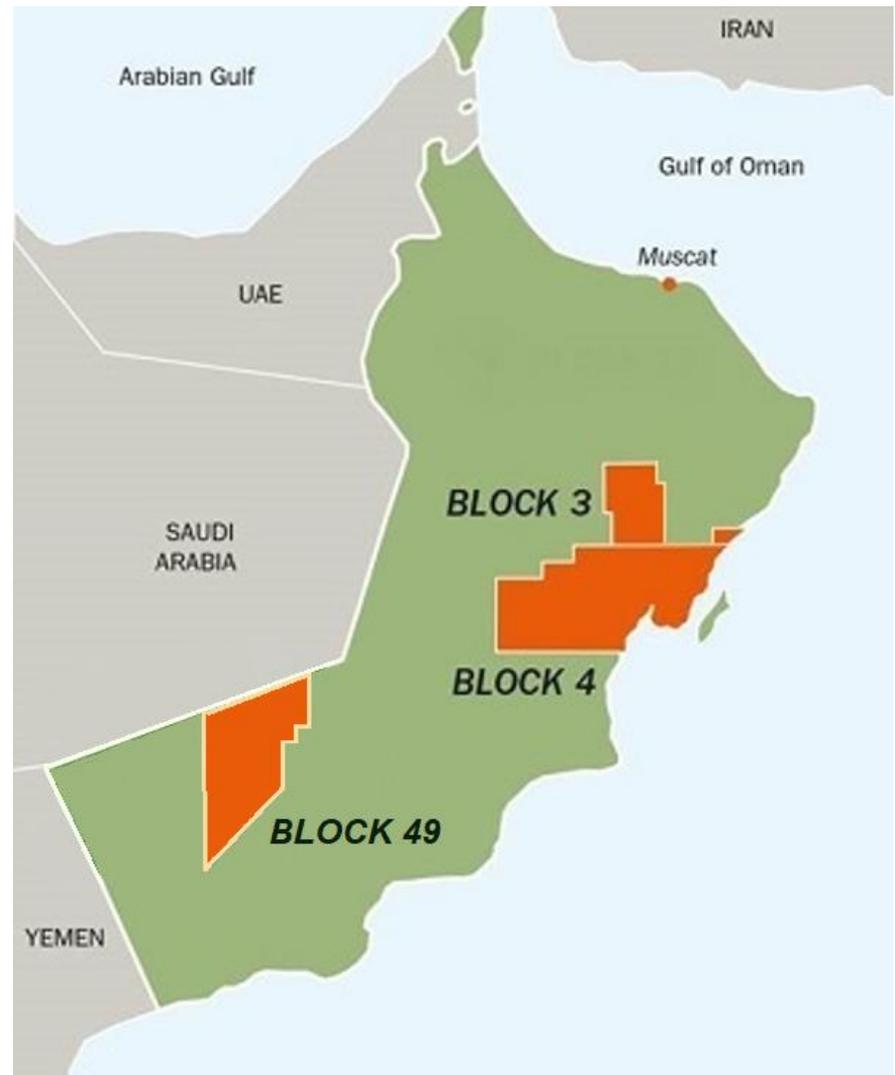
Tethys Oil 100% (Operator)

Signed in Q4-17

EPSA covers an initial exploration period of 3 + 3 years

Total area: 15,439 km²

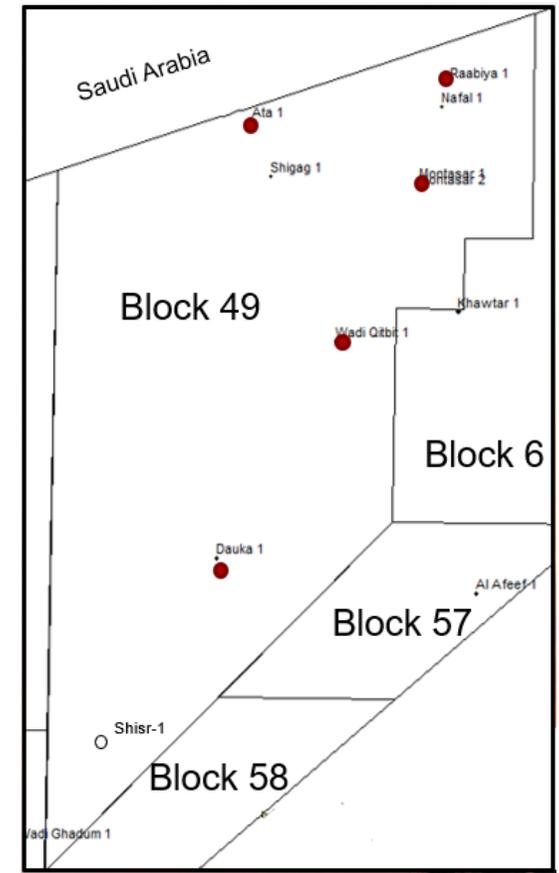
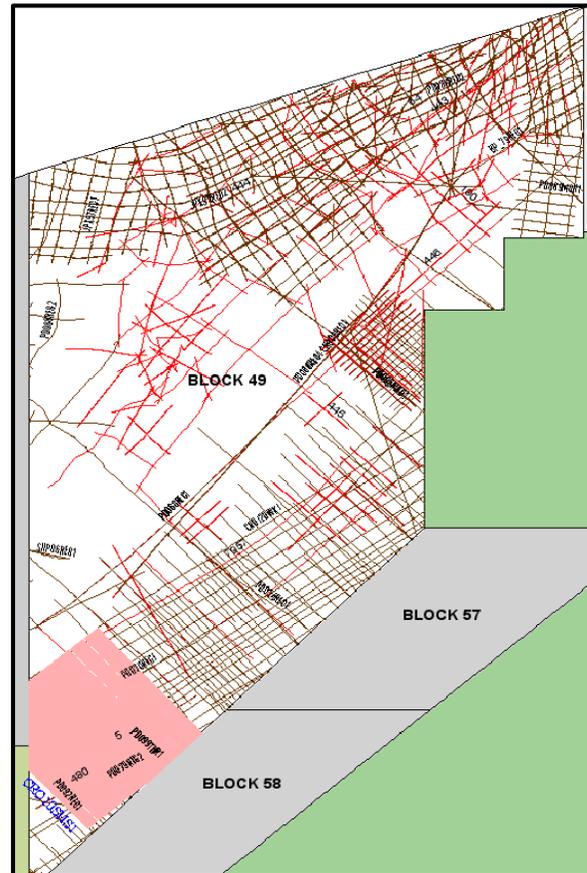
- Over 11,000 km of legacy 2D seismic data
- Nine wells drilled, several with oil shows



Available Data (Block 49)

1,464 km of older 2D seismic data of various vintages reprocessed and reinterpreted, which has greatly enhanced resolution and interpretability.

To further refine the understanding of the block, additional seismic data will now be acquired.



Highlights

- A good quarter for Tethys Oil, with financial results up by double digits:
 - Revenue and other income MUSD 42.3, up 16%
 - EBITDA MUSD 30.1, up 24%
 - Operating result MUSD 18.5, up 43%
- Appraisal programme continues, one well in Q3-18 and four wells planned for Q4-18
- Ulfa EPF to be commissioned in November 2018
- Luja-1 tests ongoing
- Two exploration wells to spud on Blocks 3&4 in Q4-18
- Acquisition of new seismic on Block 49

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