



Tethys Oil
Q1 2019
7 May 2019



Q1-19 Highlights

	Q1-19	Q4-18	Q1-18	FY-18
Revenue and other income, MUSD	32.7	44.4	34.2	157.3
EBITDA, MUSD	17.2	30.8	21.5	106.6
Operating result, MUSD	5.6	19.1	10.3	60.7
Ave. selling price, USD/bbl	61.6	77.9	63.7	70.5
Opex, USD/bbl	13.3	11.1	11.1	10.7
Ave. daily production, bbl	11,901	11,898	11,664	11,767

- The first quarter 2019 was marked by lower oil prices, higher activity levels and flat production
- Opex Q1-19 impacted by certain one-off costs and carry-overs from 2018 – opex/bbl expected to decrease towards the levels seen in 2018

Q1-19 Highlights

- 2019 production guidance unchanged, expected average annual production between 12,000-13,000 bopd
- Additional gas separation capacity installed at Ulfa EPF after start-up issues, impacted production negatively during the first quarter 2019
- Exploration well Masarrah-1, Blocks 3&4, resulted in a mid-sized oil discovery
- One successful appraisal well drilled on the Ulfa field
- Interpretation and mapping started on Block 49 seismic survey
- Free cash generation remained strong, Net cash end of quarter of MUS\$ 82.7 - up 13%

Distributions to shareholders continues

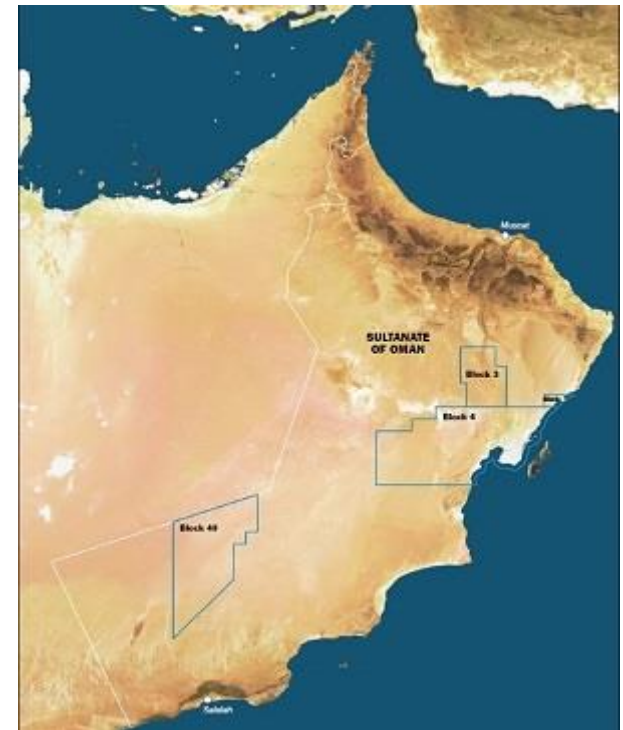
SEK/share (Payment year)	2019 (proposed)	2018	2017	2016	2015
Ordinary dividend	2.00	2.00	1.00	1.00	1.00
Extraordinary distribution	6.00	4.00	-	3.00	2.00
Total	8.00	6.00	1.00	4.00	3.00
Dividend yield at announcement	11%	10%	1%	7%	4%

- The board of directors proposes an ordinary dividend of SEK 2.00 per share (2018: SEK 2.00), to be paid in two instalments of SEK 1.00 per share in May and November 2019
- The board of directors proposes an extraordinary distribution of SEK 6.00 by way of mandatory share redemption following the 2019 AGM (2018: SEK 4.00)
- Distribution proposal amounts to approximately MUSD 28.9
- AGM being held on May 15, 2019
- Tethys Oil has distributed more than MUSD 50 to the shareholders 2015-2018

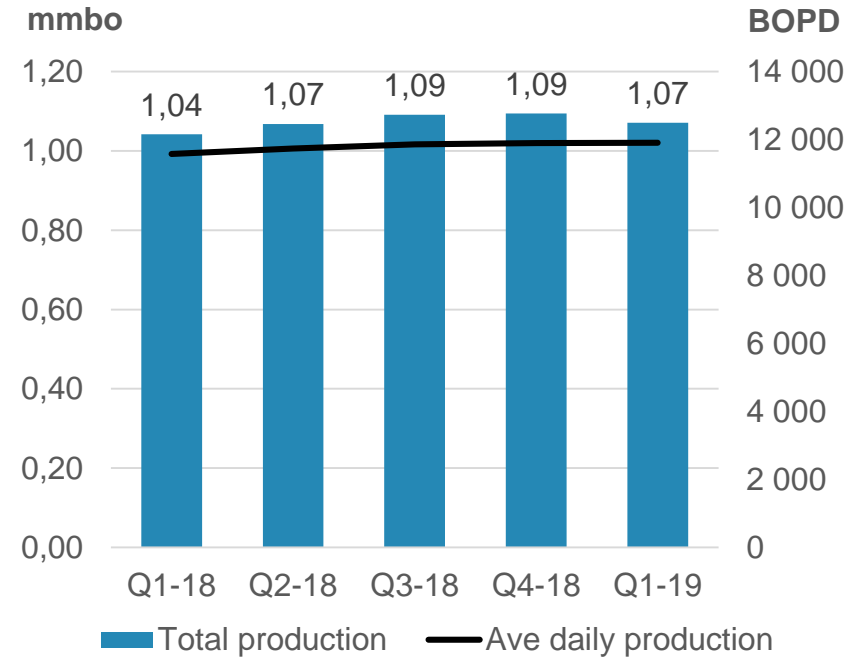
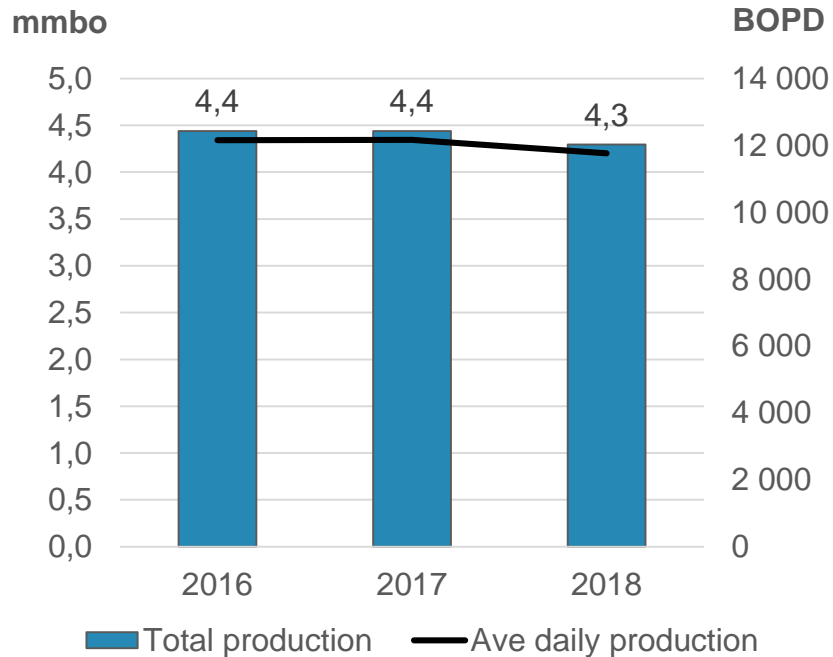
Tethys Oil's main assets - Oman

	Country	Licence	Area, km ²	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2018 (mmbo)		Production, net, Q1 2019 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	25.4	12.5	11,901
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui			
	Oman	Block 49	15,439	100%	Tethys Oil			

* Operator in bold

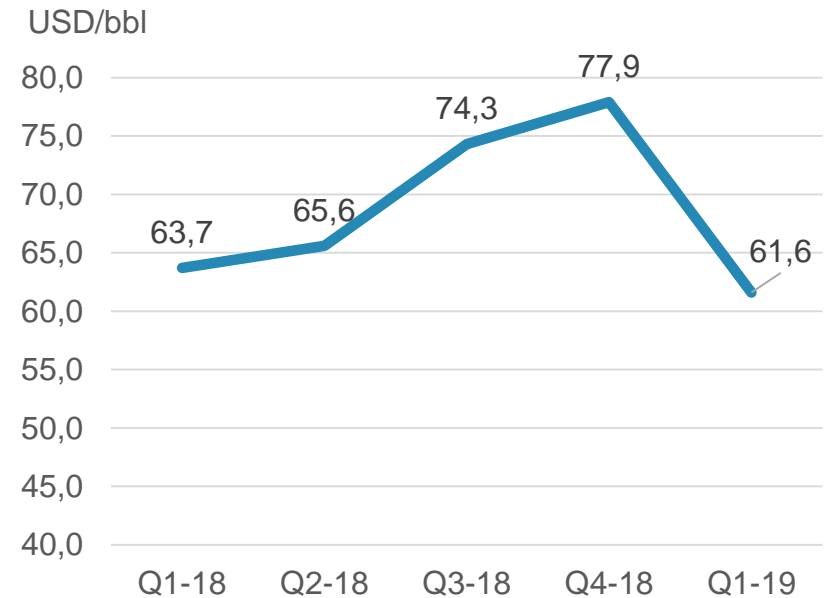
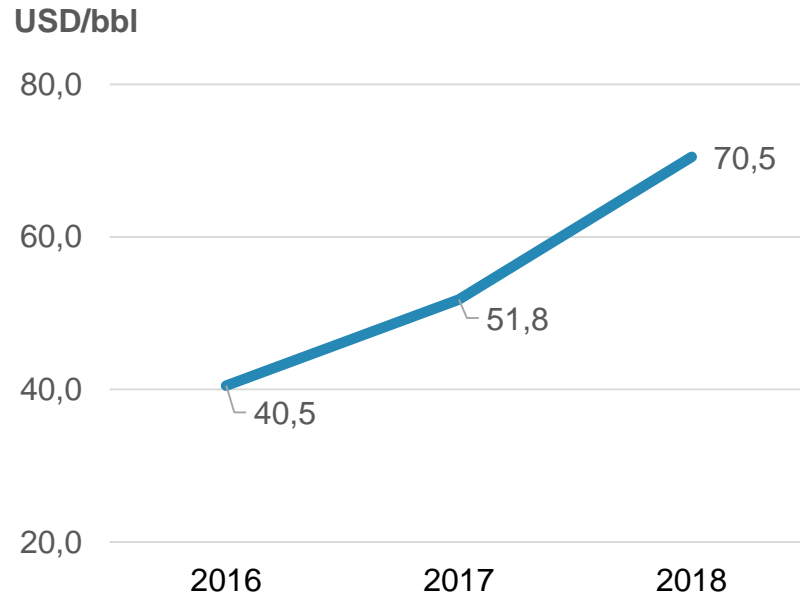


Production, Blocks 3&4



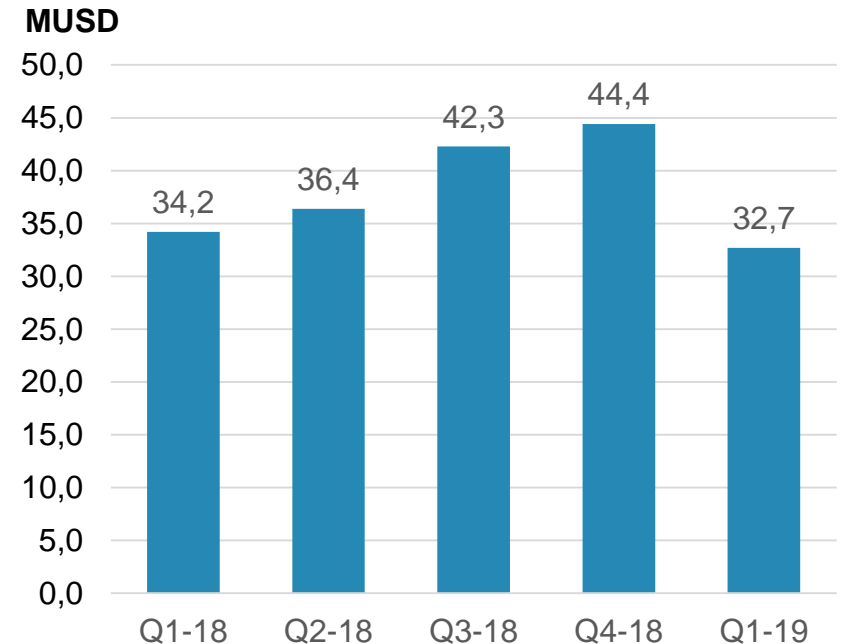
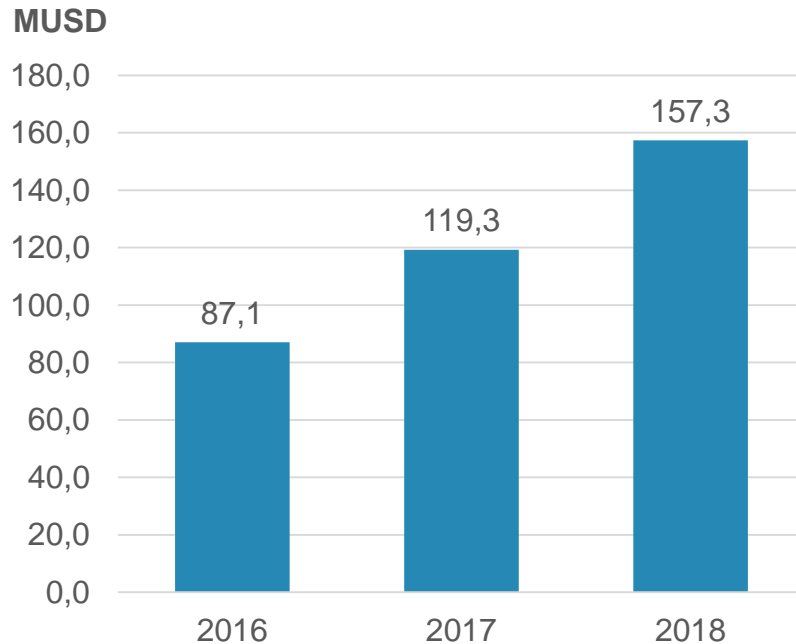
- Average daily production in Q1-19 amounted to 11,901 bopd (Q4-18: 11,898 bopd)
- Production in Q1-19 in line with Q4-18, but negatively impacted mainly by constraints in gas handling at the Ulfa EPF. Additional gas separation capacity installed

Average achieved selling price per barrel



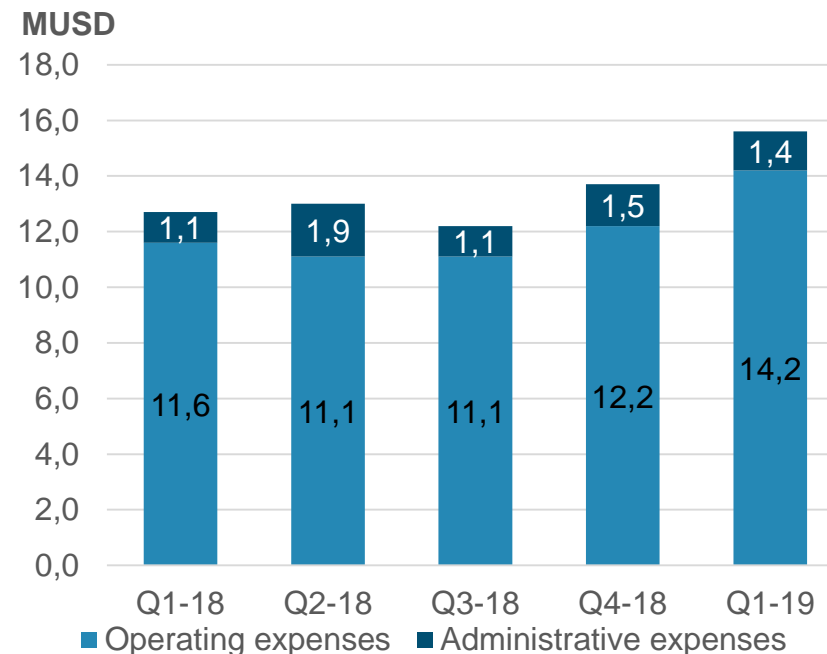
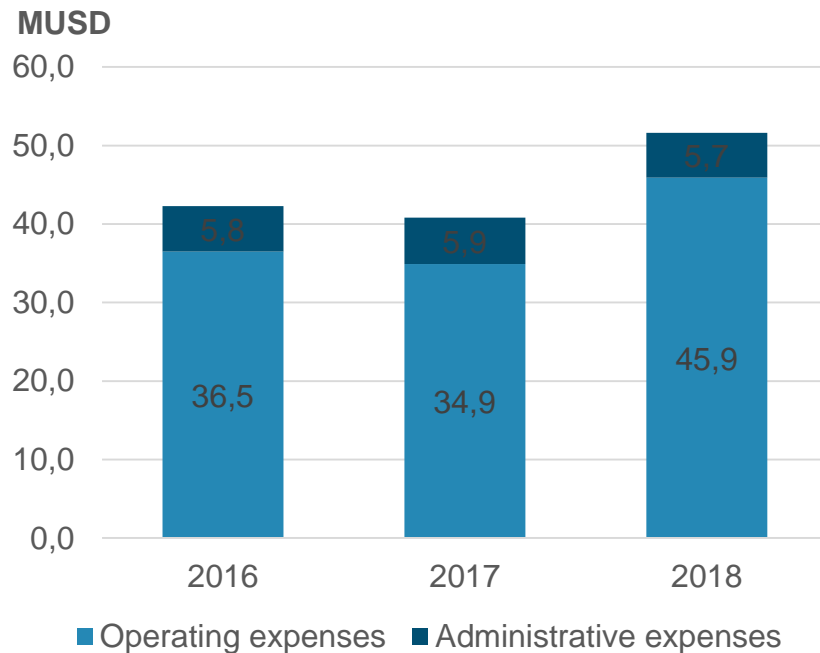
- Selling price – effective two month lag to spot price. Tethys Oil had lower prices in Q1-19 following oil price drop by year end 2018
- Average achieved selling price down 21% to USD 61.6/bbl, (Q4-18:USD 77.9/bbl)
- Benefits of the price recovery in the Q2-19 results

Revenue and other income



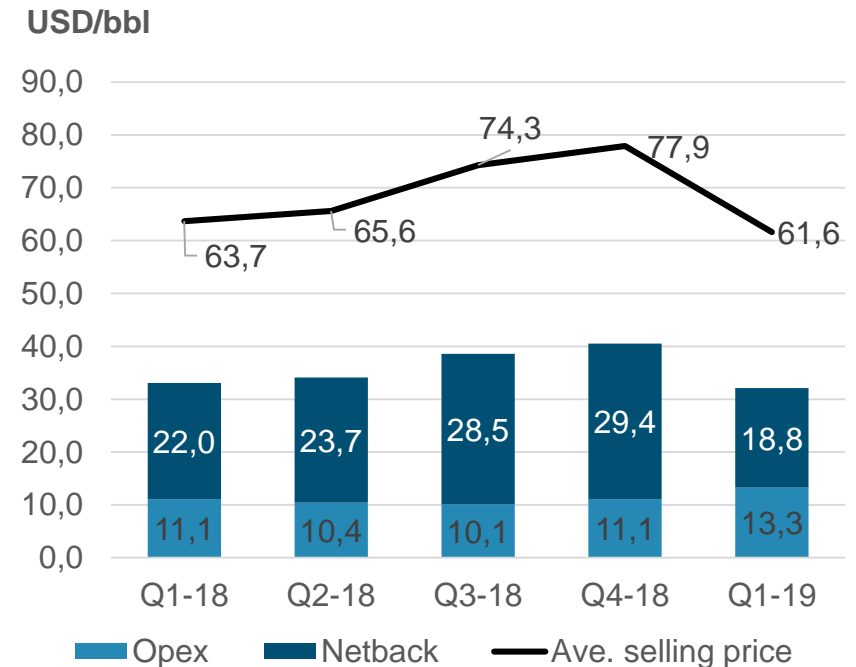
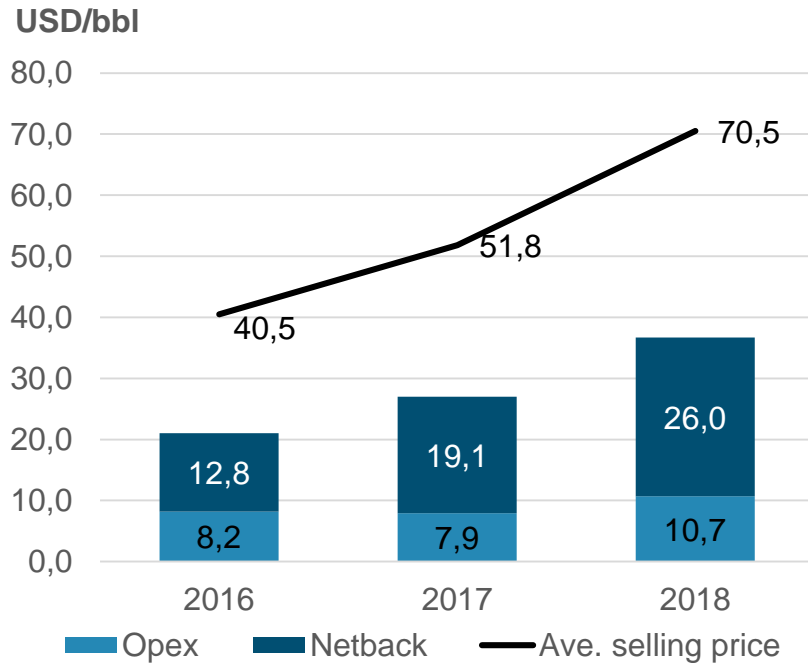
- Q1-19 Revenue and other income amounted to MUSD 32.7, down 26% compared with Q4-18, resulting from:
 - the decrease in oil prices, and
 - the Additional amount following final settlement of Export Reporting Error of MUSD 1.0

Expenses



- Opex in Q1-19 increased to MUSD 14.2 mainly as a result of higher workover activity in the Farha and Shahd fields, costs associated with the Ulfa EPF and carry-overs from 2018
- Average opex/bbl 2019 expected to be higher than average opex/bbl 2018 of USD 10.7 but considerably lower than the opex/bbl in Q1-19 of USD 13.3

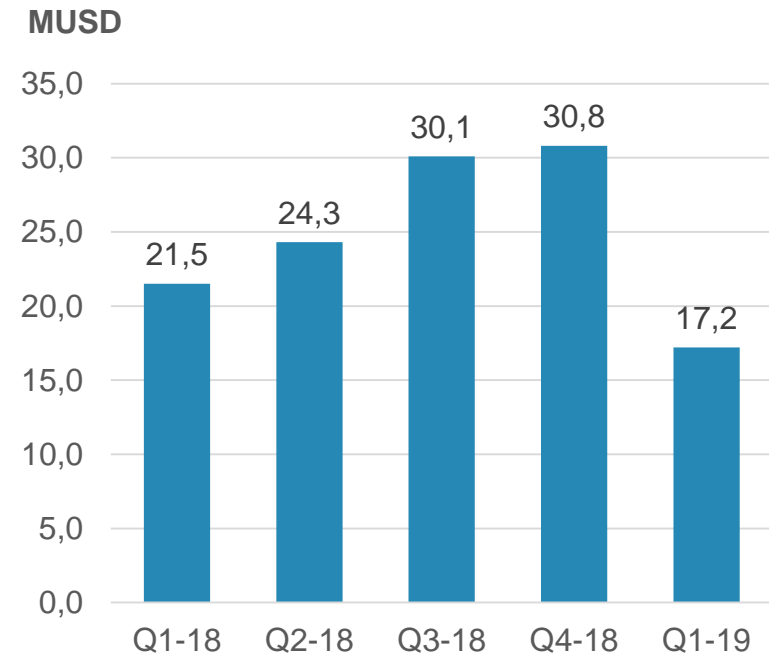
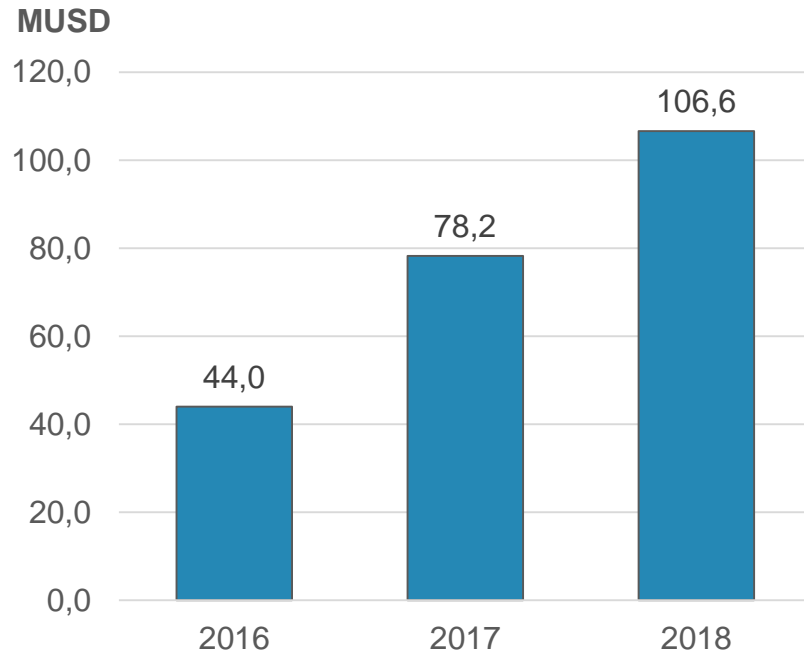
Opex and Netback* per barrel (USD/bbl)



- Netback down 36% in Q1-19 compared with Q4-18 due to lower oil prices and higher opex/bbl
- Expected higher production and lower opex levels, opex/bbl anticipated to decrease towards the levels seen in 2018

* After government take

EBITDA



- EBITDA of MUSD 17.2 in Q1-19, down 44% compared with Q4-18
- EBITDA margin of 52% in Q1-19, compared with 69% in Q4-18

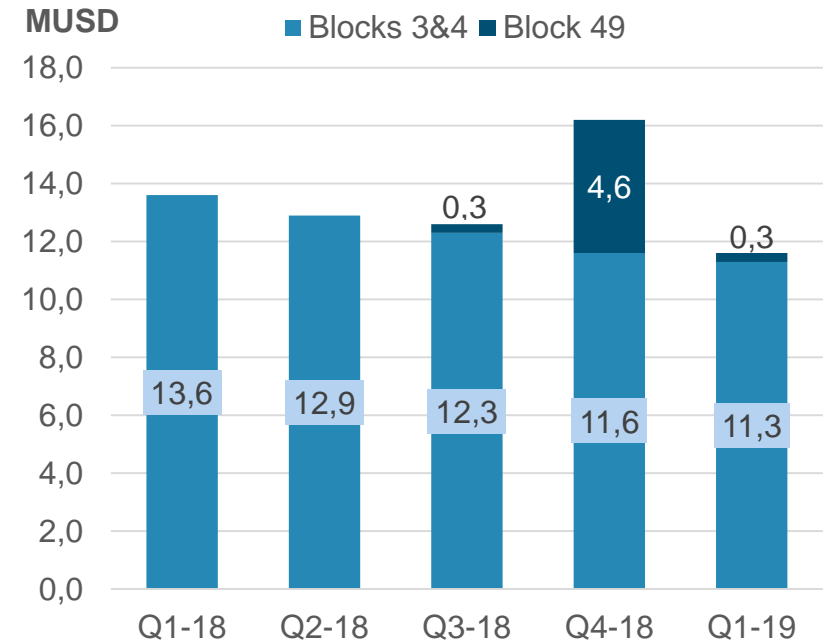
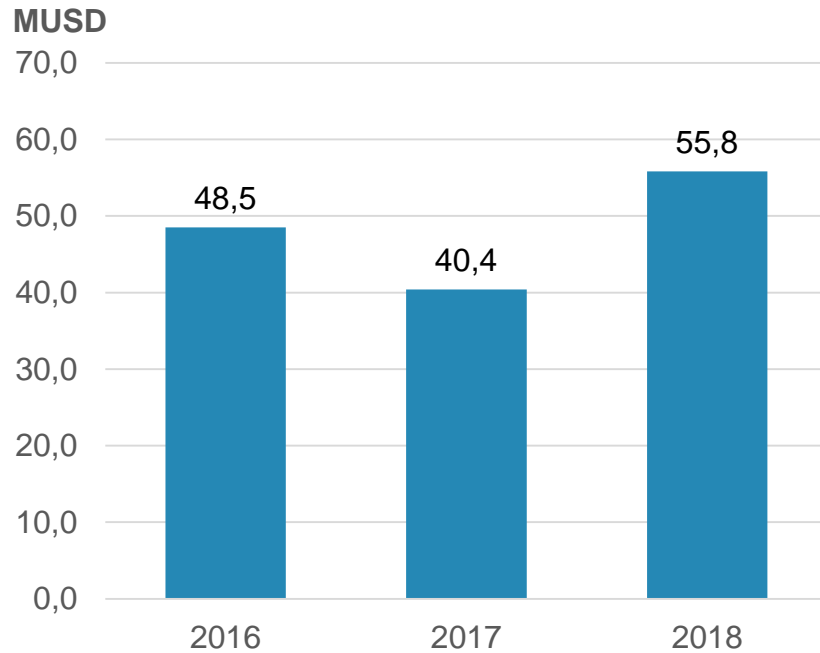
Balance Sheet

(MUSD)	2019-03-31	2018-12-31	2018-09-30
Net cash	82.7	73.1	63.7
Total assets	298.1	291.4	272.5
Shareholders' equity	273.3	267.6	252.1

Continued strong cash generation:

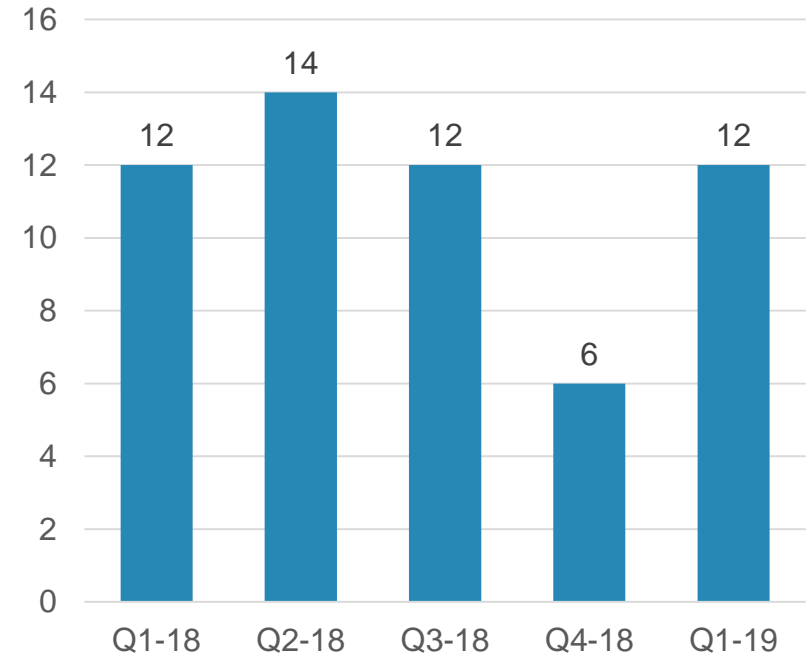
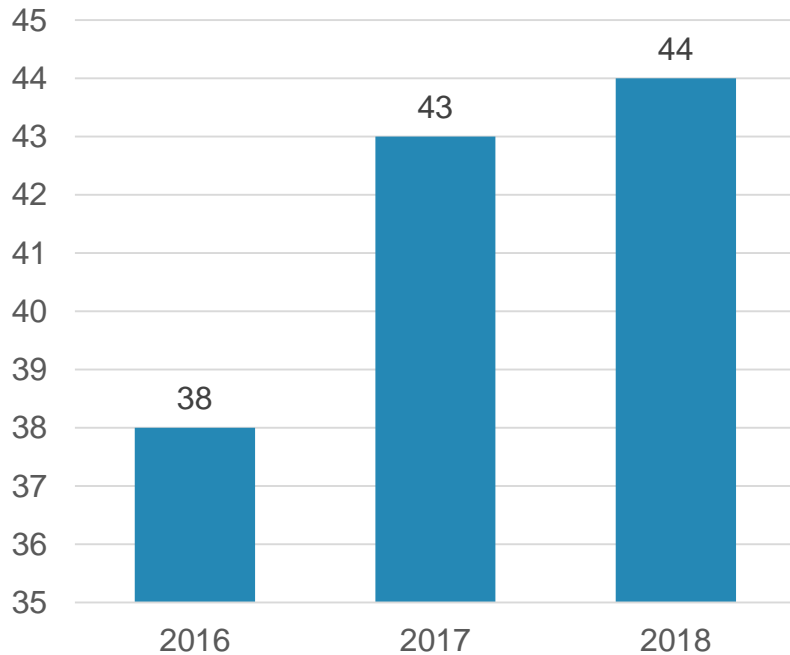
- Cash generation remained strong: Net cash increased 13% from MUSD 73.1 in Q4-18 to MUSD 82.7 in Q1-19
- The board of directors have proposed to the AGM 2019 a total distribution of MSEK 274 (approximately MUSD 28.9), of which MSEK 240 (approximately MUSD 25.3) to be paid in the Q2-19

Oil and gas investments



- Investments on Blocks 3&4 in Q1-19 of MUSD 11.3 in line with Q4-18 (MUSD 11.6)
- Investment on Block 49 in Q1-19 MUSD 0.3 (Q4-18 of MUSD 4.6 following seismic campaign)
- Investment guidance 2019: MUSD 50-55

Wells on Blocks 3&4



Wells completed Q1-19 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South	Shahd and Saiwan East	Near and far field exploration	Total
Appraisal/Production	1	5	2	-	8
Water injection	-	2	-	-	2
Water source	-	-	-	-	-
Exploration	-	-	-	2	2
Total	1	7	2	2	12

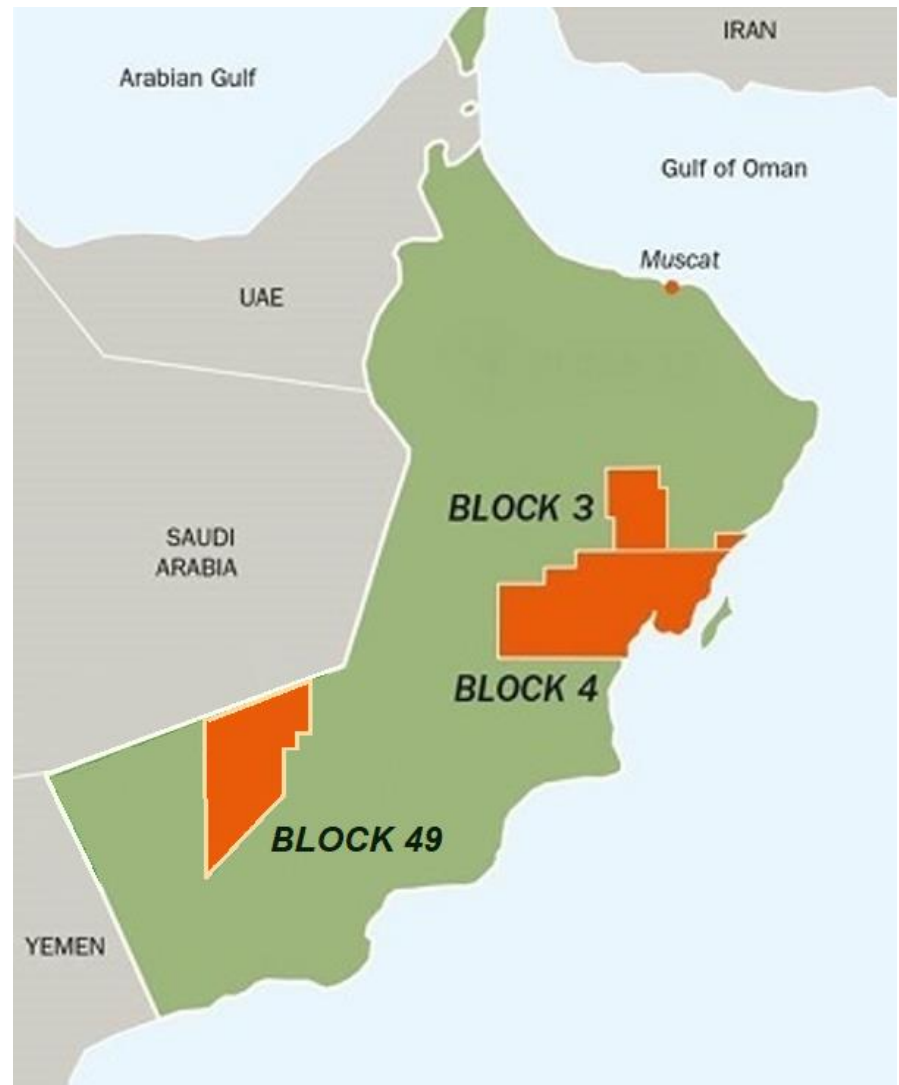
Operations

Blocks 3&4

- Tethys Oil 30%, CCED 50% (operator) and Mitsui 20%
- Acquired 2007
- License valid until 2040
- Total area: 29,130 km²

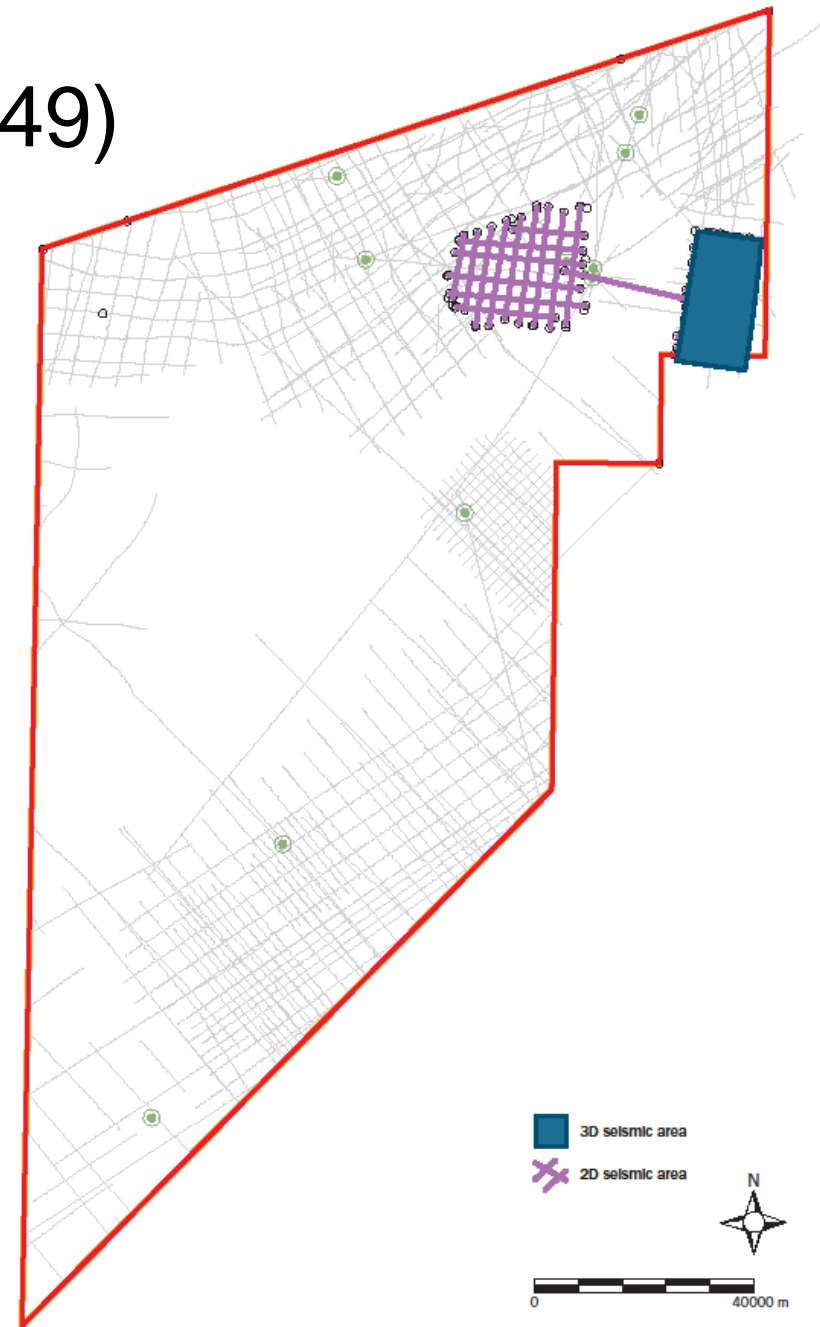
Blocks 49

- Tethys Oil 100% (Operator)
- Signed in Q4-17
- EPSA covers an initial exploration period of 3 + 3 years
- Total area: 15,439 km²



Seismic campaign (Block 49)

- 253 km² of 3D and 299 km of 2D seismic data were acquired in Q4-18
- The 2D data has been processed and delivered to Tethys Oil for interpretation and mapping. The 3D data is being processed
- The purpose of the seismic campaign is to further define possible oil traps and to enhance the understanding of the deeper parts of the block in general
- 1,464 km of older 2D seismic data of various vintages reprocessed and reinterpreted earlier in 2018



Net production development, Blocks 3&4

BOPD

14 000

12 000

10 000

8 000

6 000

4 000

2 000

0

Production guidance 2019

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Q1-18

Q2-18

Q3-18

Q4-18

Q1-19

- Production guidance 2019: annual ave. net production from Tethys Oil's existing operations during 2019 expected between 12,000-13,000 bopd
- Higher production expected in coming quarters

Reserves and resources at 31 Dec 2018

Development of Reserves, Blocks 3&4 Oman (audited)

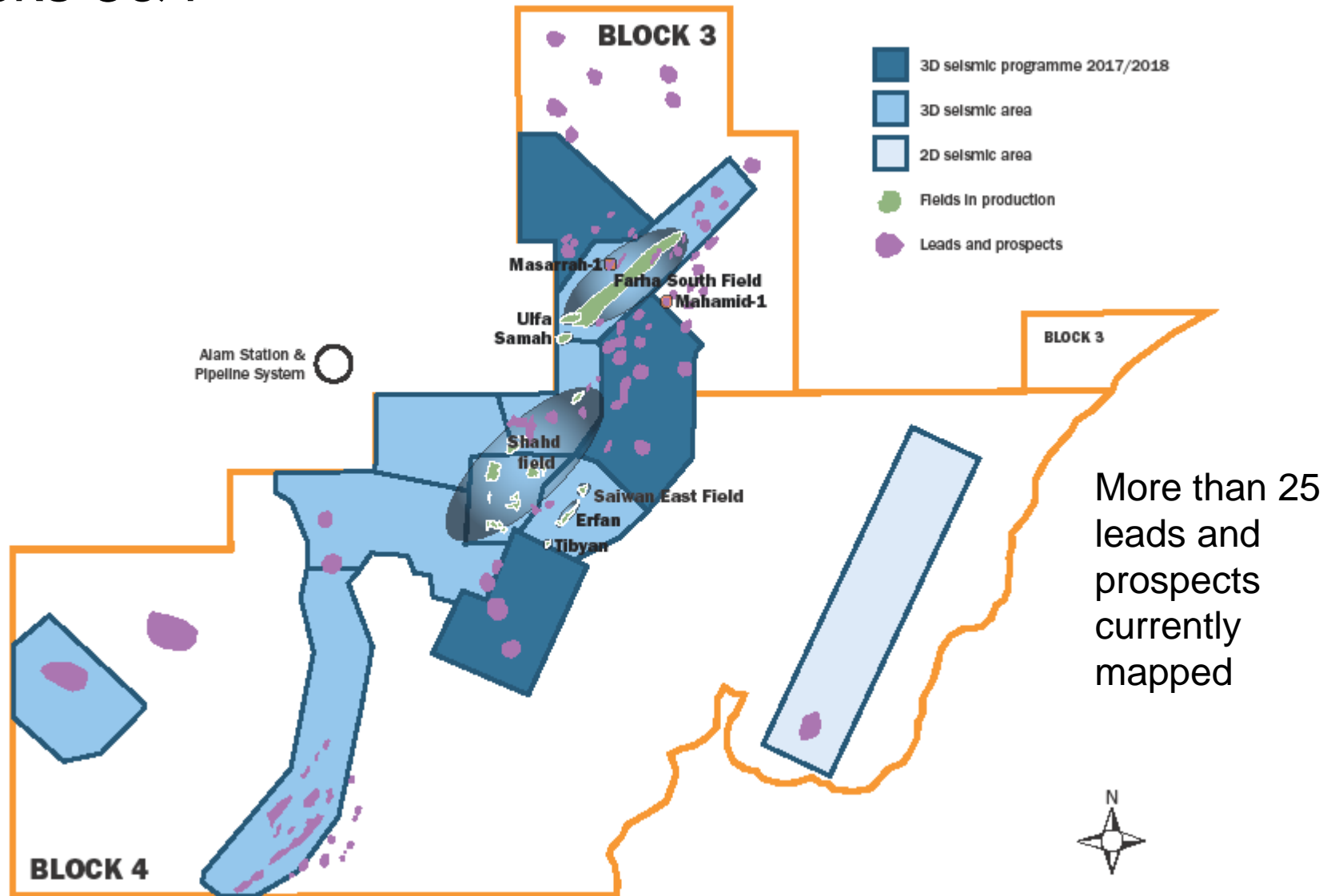
<i>mbo</i>	1P	2P	3P
Total 31 December 2017	15,559	22,044	32,414
Production 2018	-4,295	-4,295	-4,295
Additions and revisions	5,471	7,608	7,765
Total 31 December 2018	16,735	25,357	35,884

Contingent Resources Blocks 3&4 Oman (audited)

<i>mbo</i>	1C	2C	3C
Total	5,472	12,533	24,767

2018 year-end reserves and resources report prepared by ERCE

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



Exploration wells

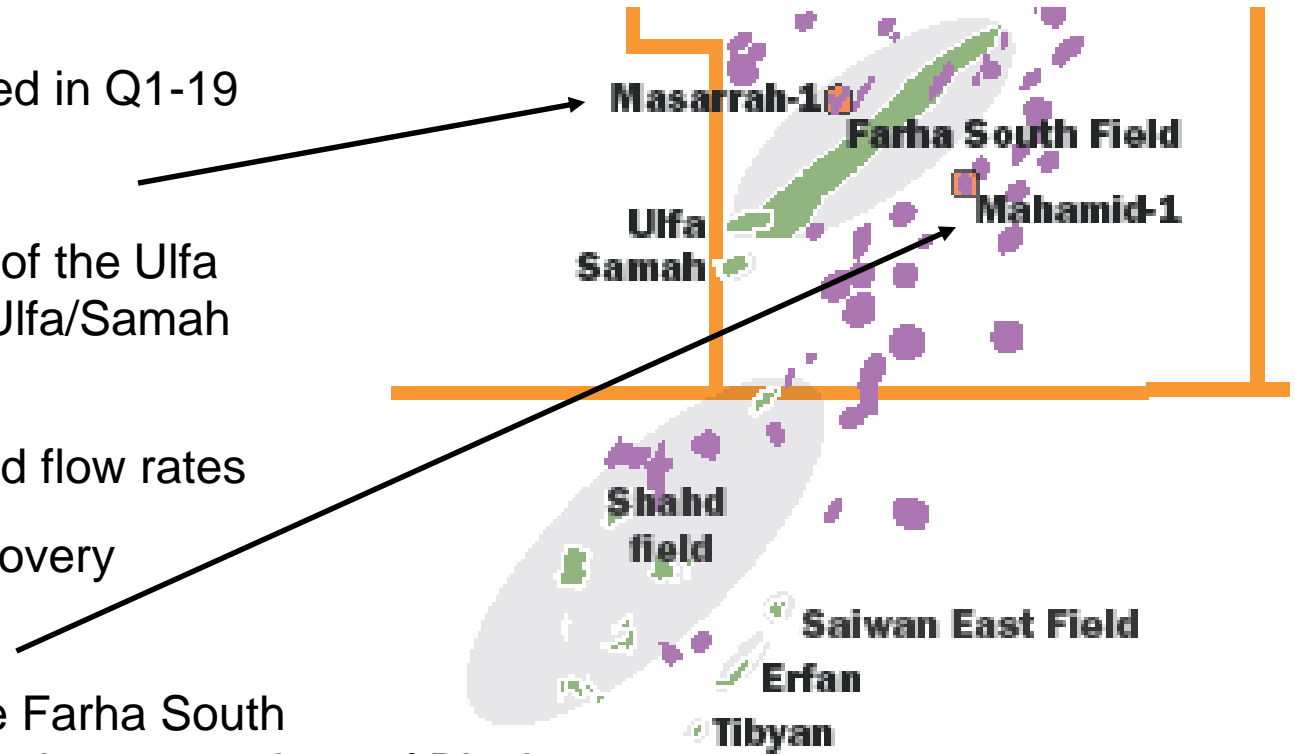
Two exploration wells drilled in Q1-19

Masarrah-1

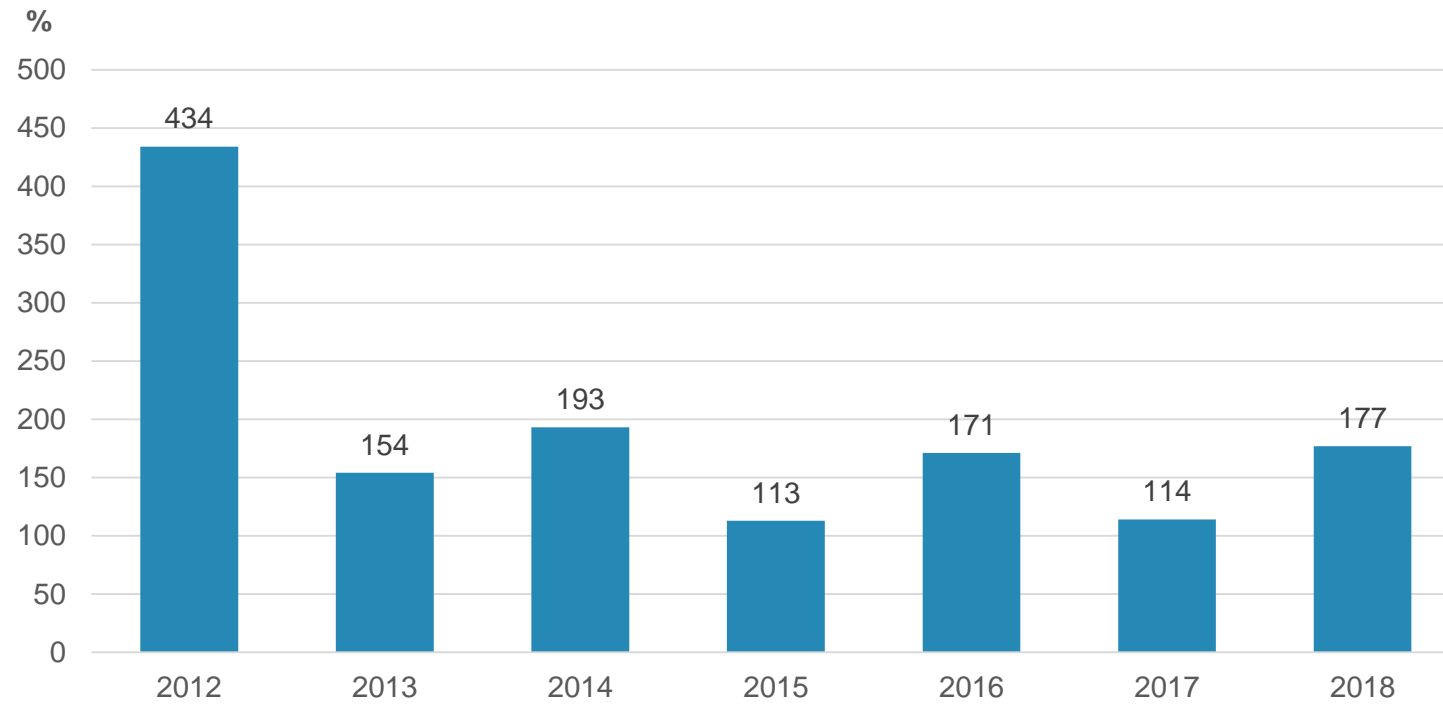
- About 10 km northeast of the Ulfa discovery, a near field Ulfa/Samah analogy well
- Tested light oil with good flow rates
- A new mid-sized oil discovery

Mahamid-1

- About 11 km east of the Farha South infrastructure to explore deeper sections of Block 3
- No discovery in target. Oil encountered unexpectedly in the Khufai layer, but did not flow to surface.
- Opened up a possible new Khufai play. Evaluation ongoing.



2P Reserve Replacement Ratio (Blocks 3&4)



Outlook

- Blocks 3&4: active exploration programme going forward – at least three additional wells to be drilled during 2019
- Block 49: seismic interpretation in progress, focusing on finding drillable prospects
- Higher production expected in coming quarters
- Benefits of the oil price recovery to be seen in the Q2-19 results

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