



Tethys Oil

Q4 2019
11 February 2020



Q4-19 Financial highlights

	Q4-19	Q3-19	Q4-18	FY-19	FY-18
Revenue and other income, MUSD	36.2	40.7	44.4	150.8	157.3
EBITDA, MUSD	21.3	26.6	30.8	92.9	106.6
Operating result, MUSD	0.7	14.5	19.1	37.1	60.7
Cash flow from operations	27.1	28.9	29.3	96.0	105.4
Ave. selling price, USD/bbl	61.4	65.4	77.9	64.2	70.5
Opex, USD/bbl	10.7	10.1	11.1	11.0	10.7
Ave. daily production, bbl	13,475	13,053	11,898	12,832	11,767

- Record production in Q4-19 and FY-19
- Record reserves at year end 2019
- 2P Reserve replacement ratio: 116 percent
- Revenue and other income reflects lower oil prices and lower entitlement
- Exploration cost of MUSD 8.0 impacted earnings negatively
- Continued strong cash flow
- Net cash position of MUSD 75.1

Financial guidance 2020

- **Production: annual average in the range of 12,600 - 13,400 bopd**
- **Investments: MUSD 64 – 71**
- **Operating expenditures: at or around USD 11.5 per barrel**
- **Net entitlement from oil production: between 51-52 percent***

Based on the production, investment, and operating expense outlook outlined above, and an oil price assumption of USD 60 per barrel

Record reserves at 31 Dec 2019

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

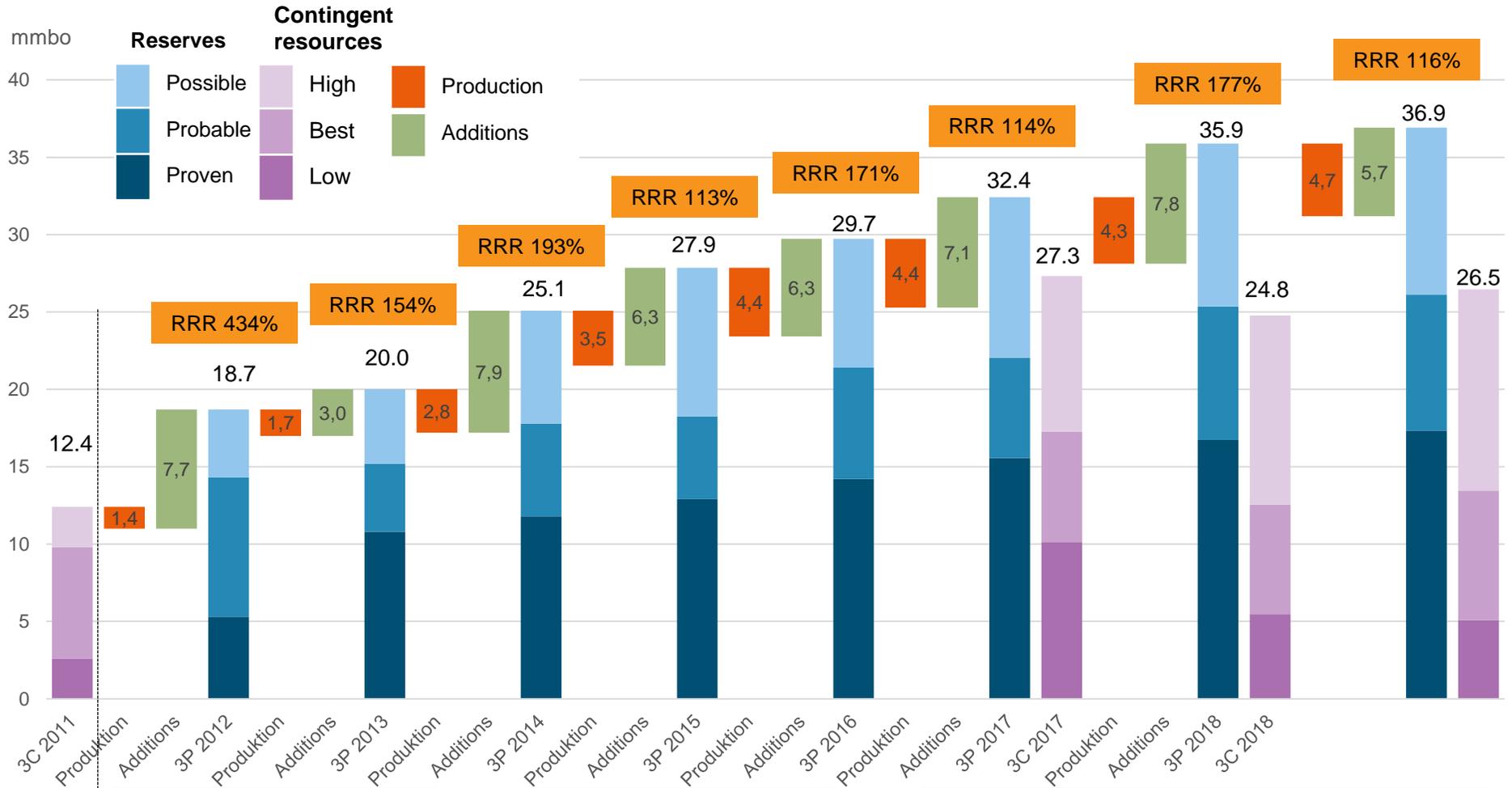
<i>mbo</i>	1P	2P	3P
Total 31 December 2018	16,735	25,357	35,884
Production 2019	-4,684	-4,684	-4,684
Additions and revisions	5,285	5,439	5,719
Total 31 December 2019	17,336	26,112	36,919
Reserve replacement ratio, %	113%	116%	122%

Contingent Resources Blocks 3&4 Oman (audited)

<i>mbo</i>	1C	2C	3C
Total	5,094	13,458	26,468

2019 and 2018 year-end reserves and resources report prepared by ERCE

Development of reserves, Blocks 3&4



Field Development Plan for Blocks 3 and 4 approved

2P Reserve Replacement Ratio ("RRR")

Tethys Oil's accumulated net production, from 2010 until 31 Dec 2019, amounts to 28 mmbbl

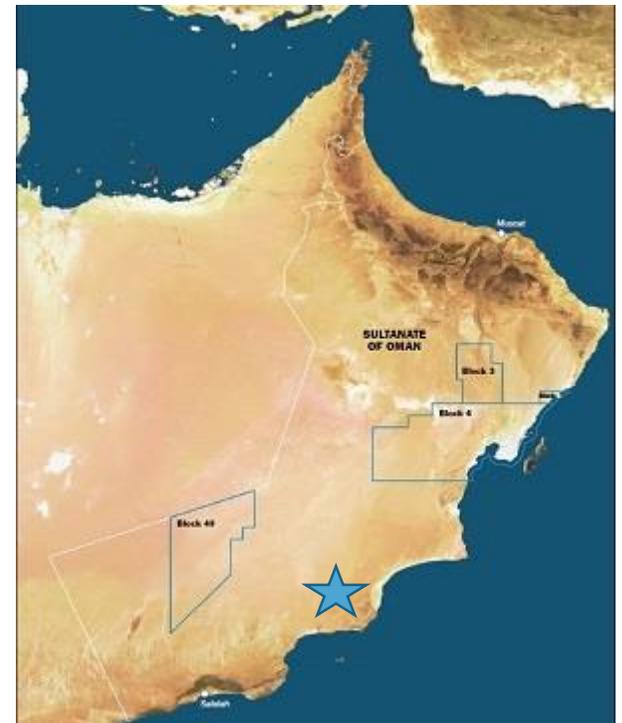
Distributions to shareholders continues

SEK/share (Payment year)	2020	2019	2018	2017	2016	2015
Ordinary dividend	2.00	2.00	2.00	1.00	1.00	1.00
Extraordinary distribution	6.00	6.00	4.00	-	3.00	2.00
Total	8.00	8.00	6.00	1.00	4.00	3.00
Dividend yield at announcement	11%	11%	10%	1%	7%	4%

- The board of directors proposes an ordinary dividend of SEK 2.00 per share (2019: SEK 2.00), to be paid in two instalments of SEK 1.00 per share each in May and November 2020
- The board of directors proposes an extraordinary distribution of SEK 6.00 by way of a mandatory share redemption programme following the 2020 AGM (2019: SEK 6.00)
- Tethys Oil has distributed more than MUSD 80 to the shareholders 2015-2019
- In addition, Tethys Oil has since 2014 repurchased shares to a value of MUSD 13.4

Tethys Oil's main assets - Oman

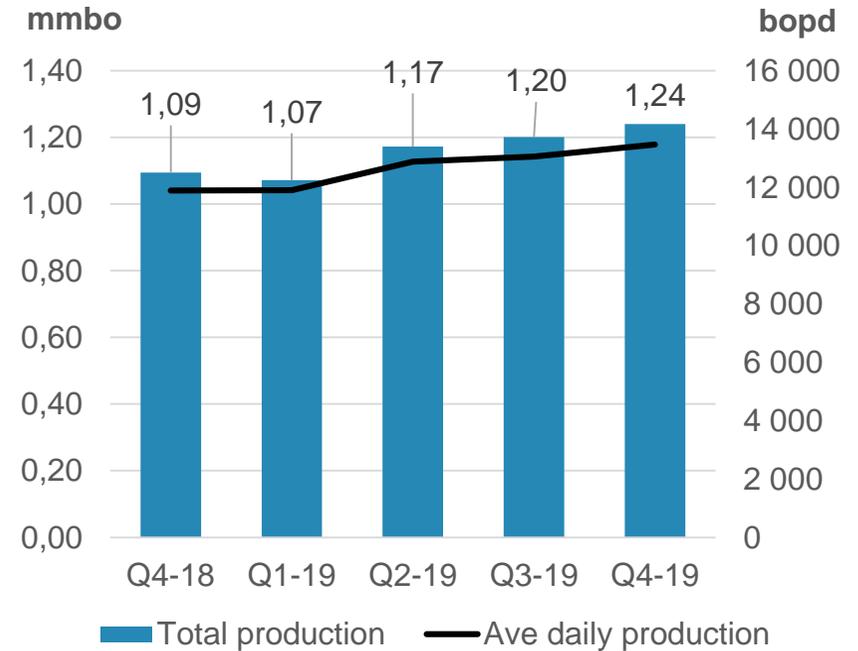
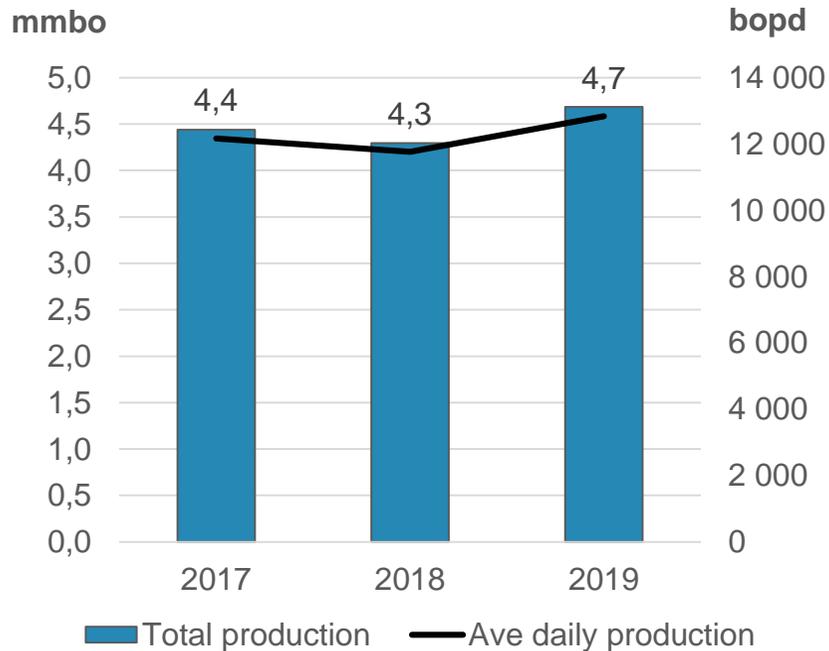
	Country	Licence	Area, km ²	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2019 (mmbo)		Production, net, Q4 2019 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	26.1	13.5	13,475
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui			
	Oman	Block 49	15,439	100%	Tethys Oil			
Pending**	Oman	Block 56	5,808	20%	Medco Arabia Ltd , Intaj LLC, Biyaq Oilfield Services			



* Operator in bold

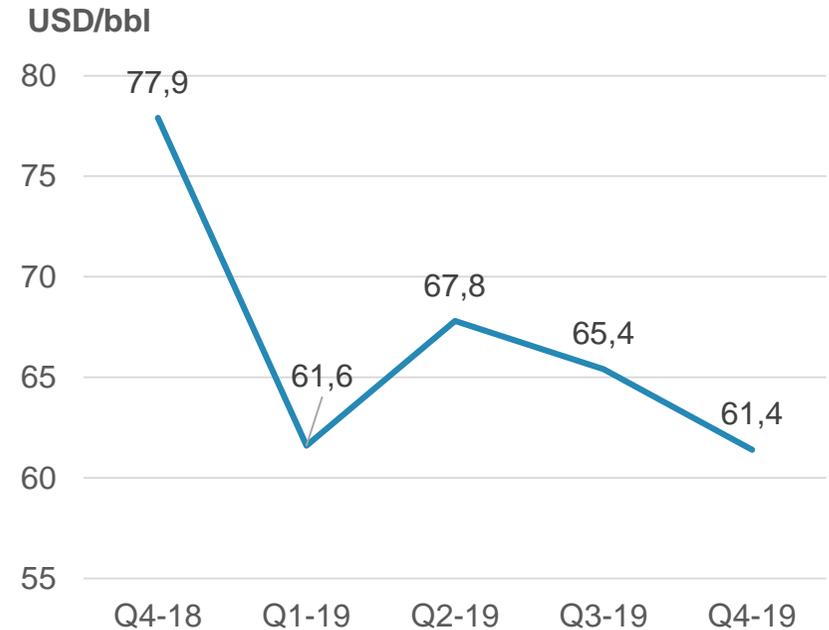
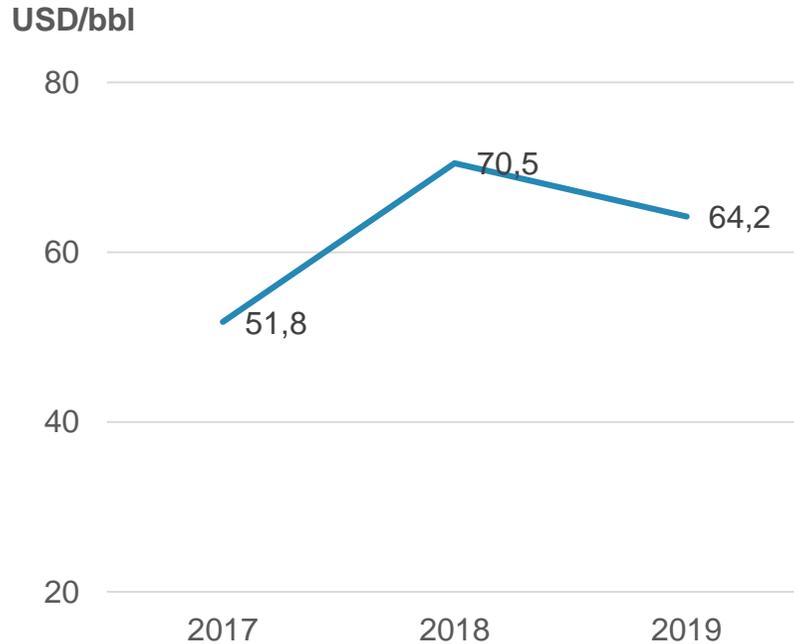
** Subject to final Government approval

Production, Blocks 3&4



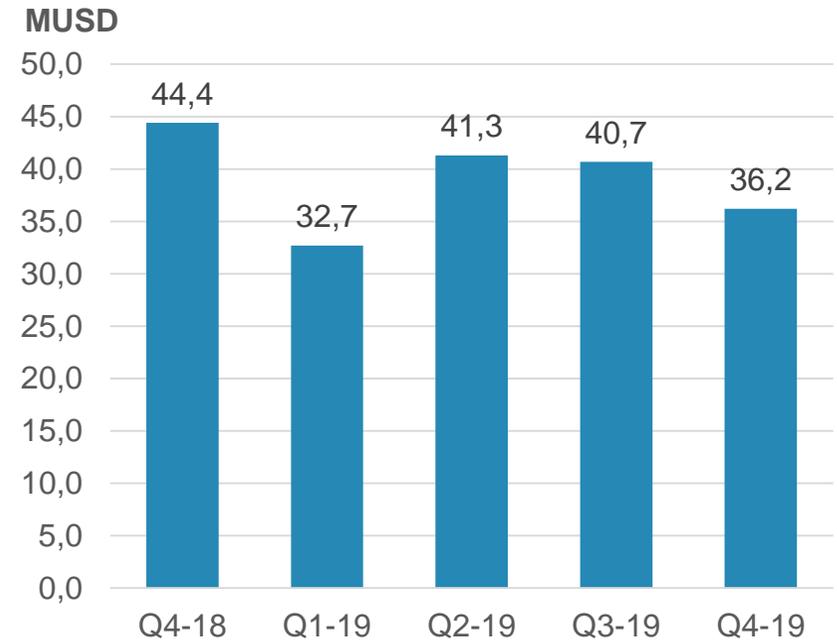
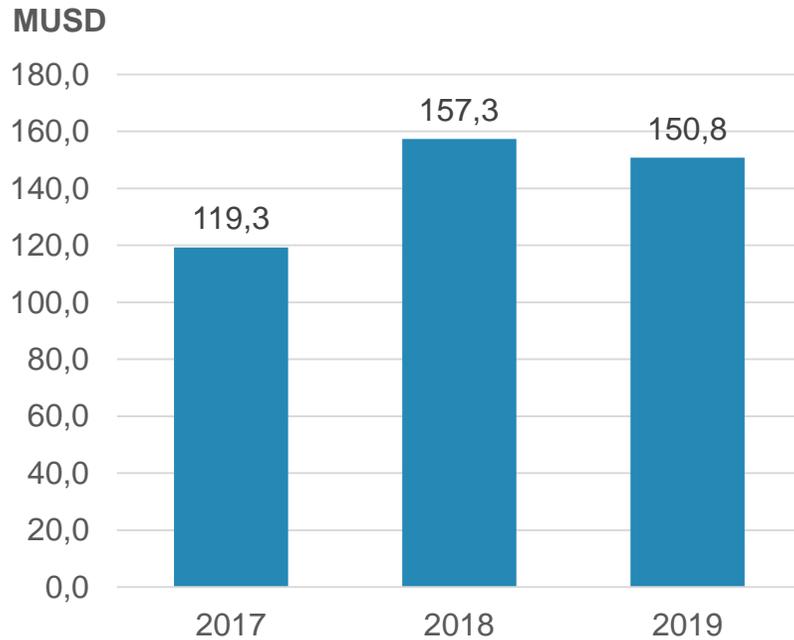
- Record average daily production in Q4-19 of 13,475 bopd up 3% from Q3-19 and 13% from Q4-18
- Increase in production in Q4-19 mainly a result of additional capacity on Ulfa EPF, high production from new Shahd wells and maintenance work on the older fields
- Production guidance 2020: annual average in the range of 12,600 - 13,400 bopd

Average achieved selling price per barrel



- Achieved selling price down 6% to USD 61.4/bbl, (Q3-19:USD 65.4/bbl)
- Selling price – effective two-month lag to spot price.
- Oil prices have fallen sharply in Q1-20 due to growth concerns related to 19-nCoV outbreak
- Oman Blend trading at a small premium to Brent since October 2019

Revenue and other income

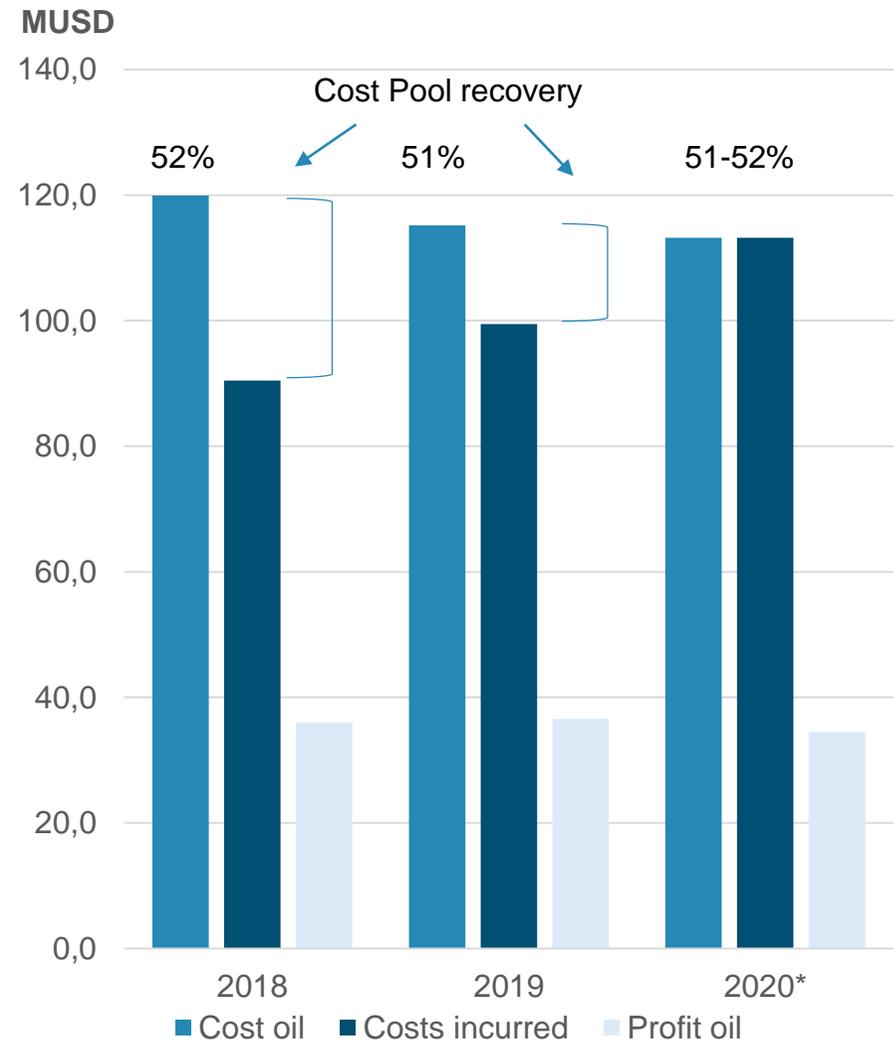


- Q4-19 Revenue and other income amounted to MUSD 36.2, down 11% compared with Q3-19 with higher production offset by lower oil price and lower entitlement

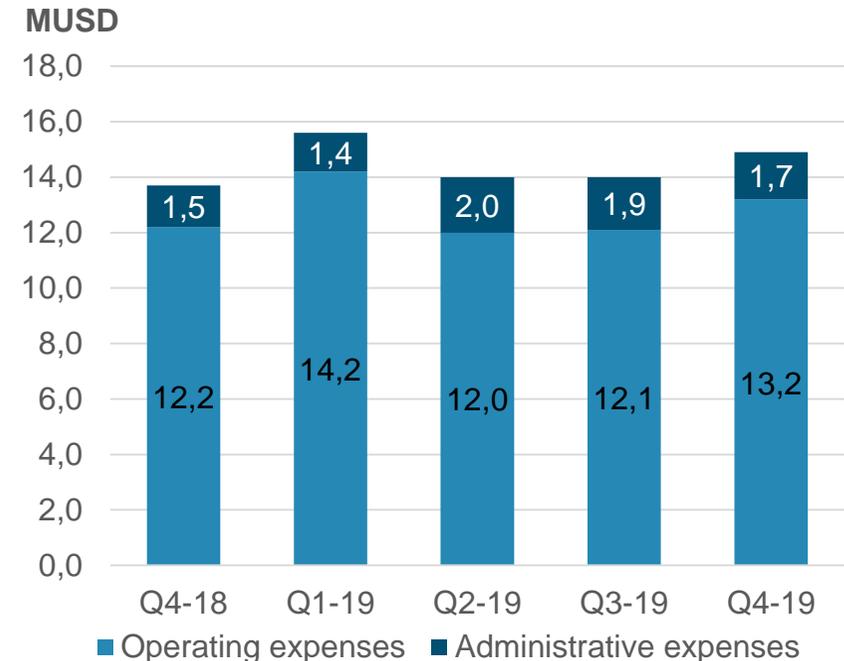
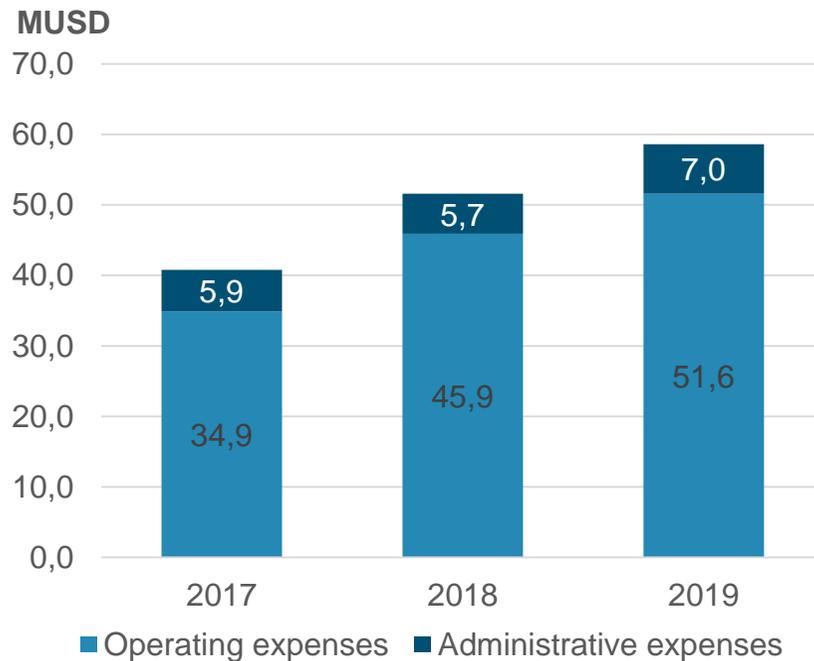
Entitlement

- Cost Pool fully recovered in Q3-19
- Net entitlement volumes going forward determined by cost incurred, oil price and production
- Entitlement terms under EPSA remain unchanged
- Since 2017, Cost Oil has exceeded costs incurred allowing for recovery of historical costs in Cost Pool
- Recovery of Cost Pool has boosted free cash flow together with the Profit Oil component
- Going forward Cost Oil will neutralise Costs Incurred (assuming spending under cost recovery cap) and Profit Oil will make up free cash flow

* 2020 Entitlement calculated on the basis of mid-case production, investments, opex and an oil price assumption of USD 60

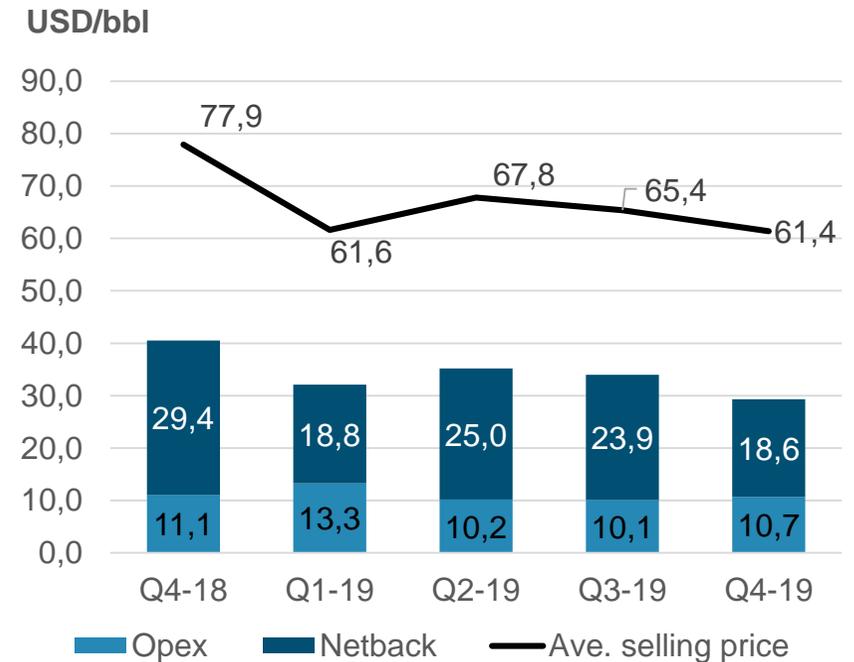
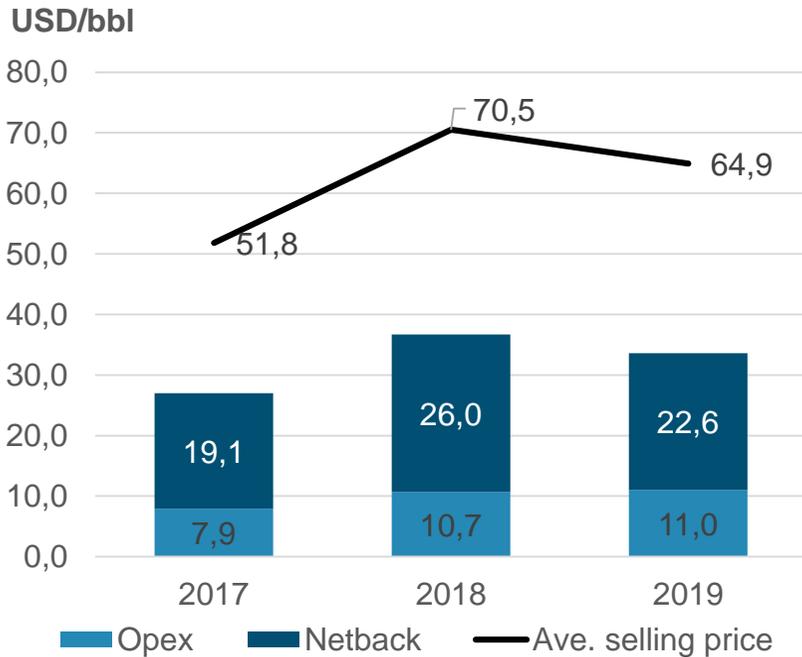


Expenses



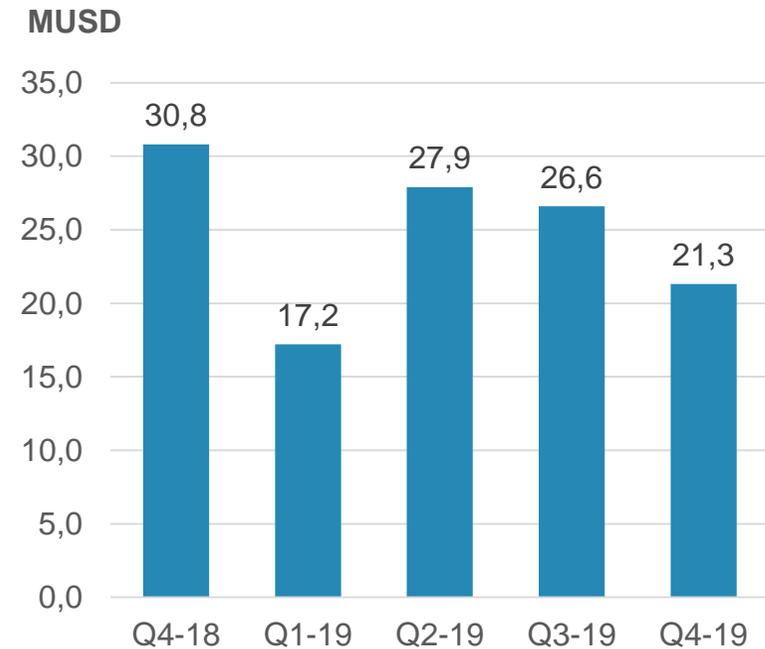
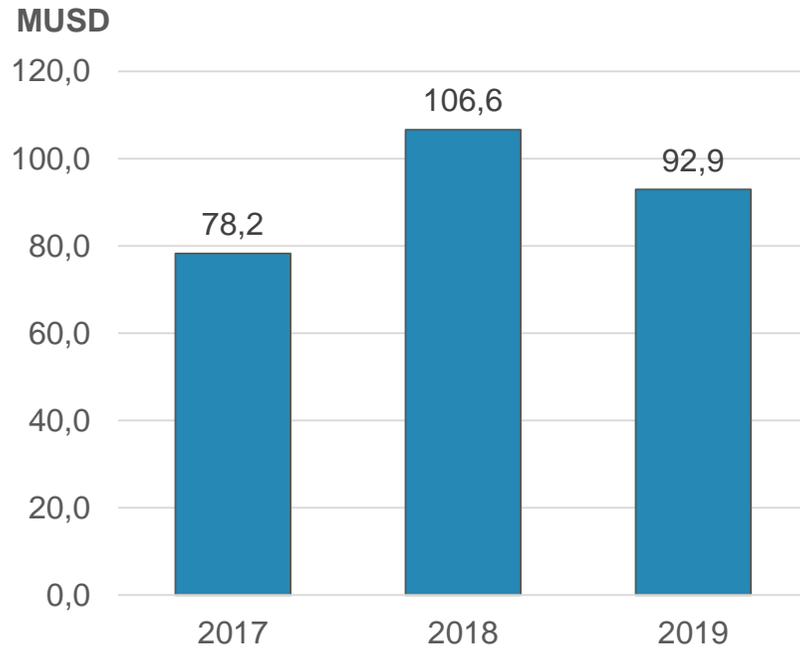
- Opex in Q4-19 amounted to MUSD 13.2, up 9% compared to MUSD 12.1 in Q3-19 following increased maintenance and third party services
- In addition to opex and admin, Tethys Oil had exploration costs of MUSD 8.0 (MUSD 0.0) in the fourth quarter

Opex and Netback* per barrel (USD/bbl)



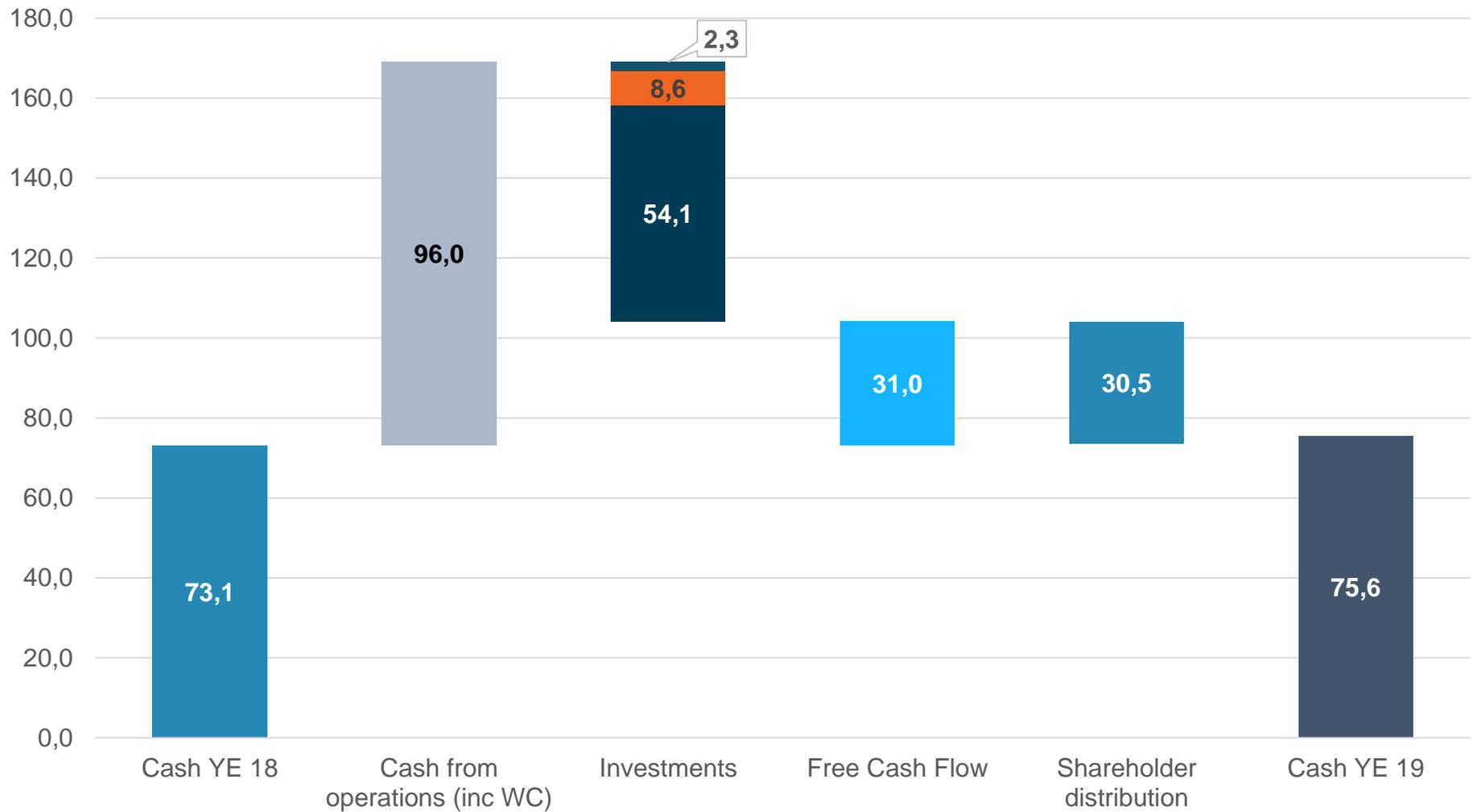
- Netback down 22% in Q4-19 compared with Q3-19 due to lower oil prices, higher opex and lower entitlement
- Average opex/bbl 2020 expected to be at or around USD 11.5 per barrel

EBITDA

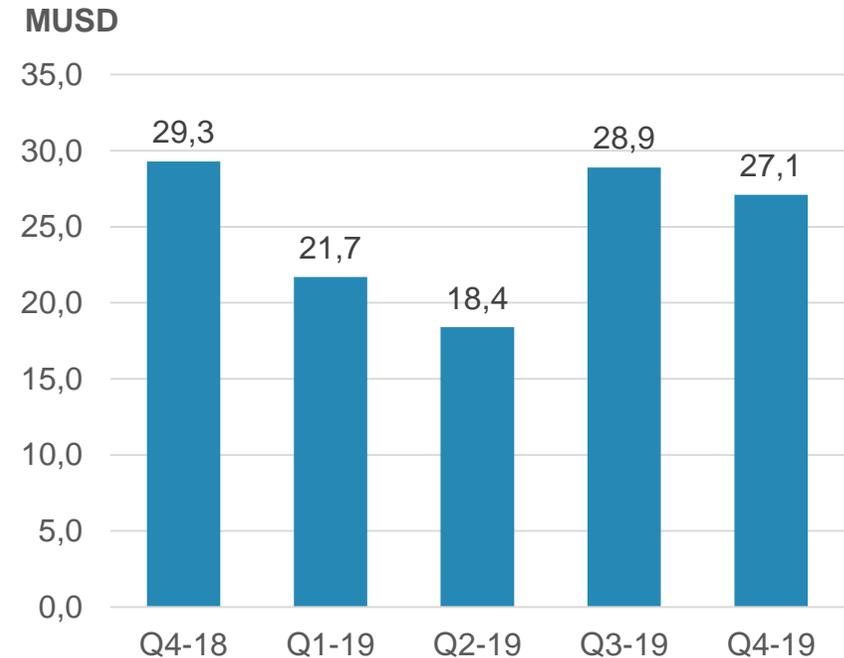
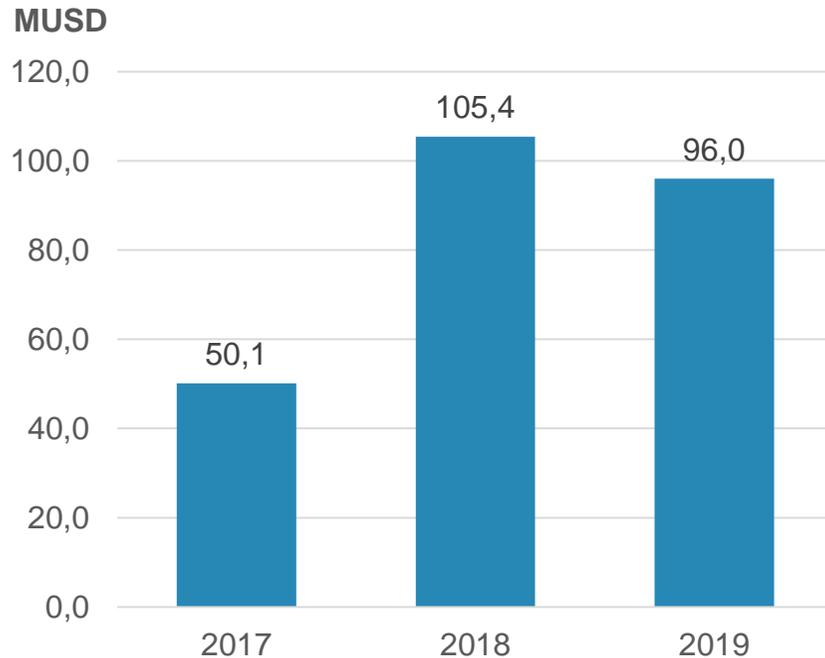


- EBITDA of MUSD 21.3 in Q4-19, down 20% compared with Q3-19
- EBITDA margin of 59% in Q4-19, compared with 65% in Q3-19

Cash flow



Cash flow from operations



- Continued strong cash flow in Q4-19, Cash flow from operations amounted to MUSD 27.1 (MUSD 28.9 in Q3-19)

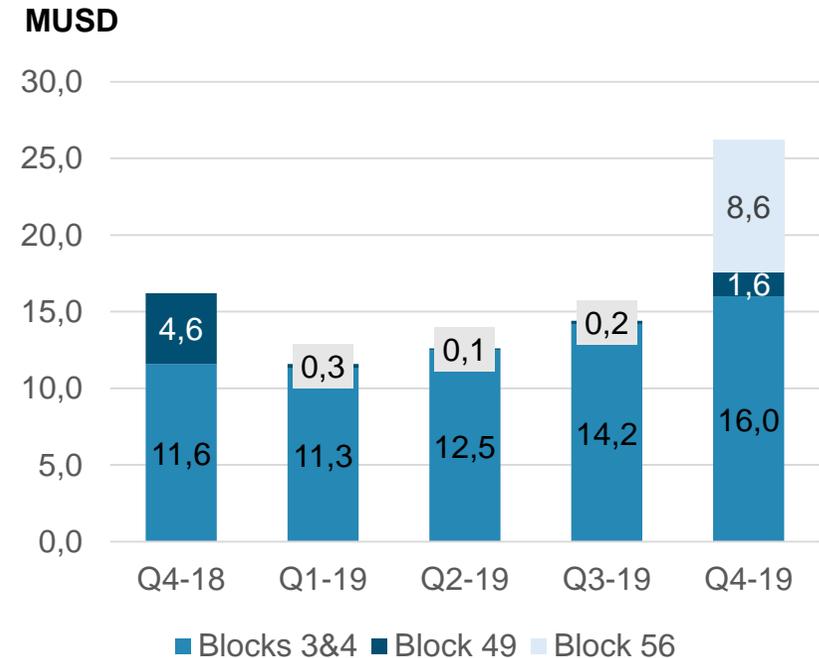
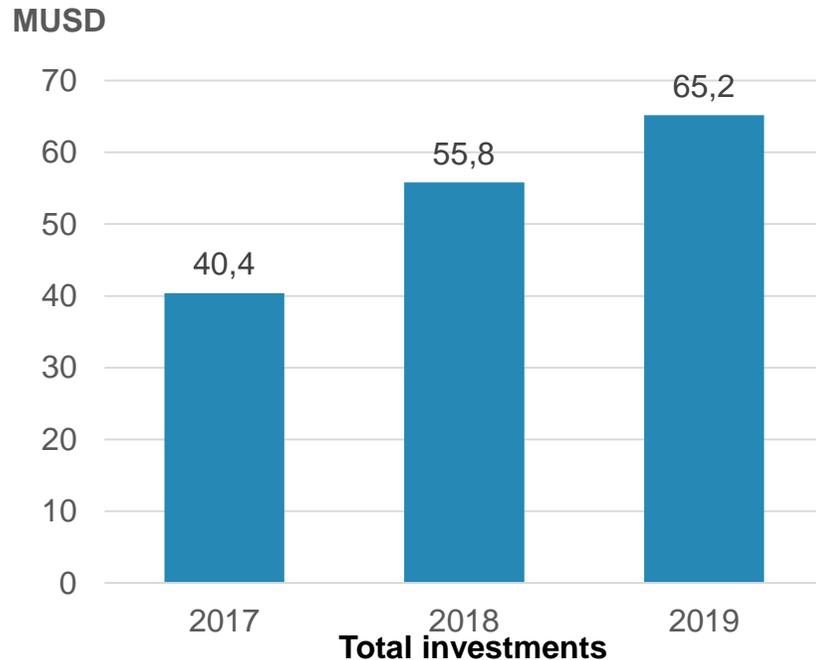
Balance Sheet

<i>(MUSD)</i>	2019-12-31	2019-09-30	2018-12-31
Net cash	75.1	71.9	73.1
Total assets	300.2	296.5	291.4
Shareholders' equity	276.3	273.2	267.6

Continued strong cash generation:

- Operations continue to generate strong cash flows – net cash increased 4% to MUSD 75.1
- Net cash equal to appr SEK 20 per share
- Payment of the second instalment of the ordinary dividend of SEK 1.00 per share (total MUSD 3.6) in Q4 2019

Oil and gas investments



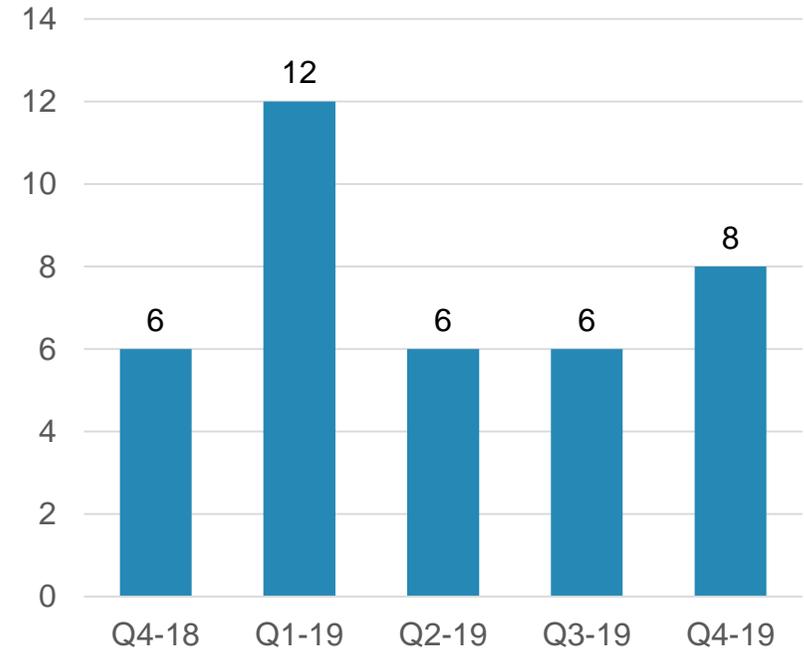
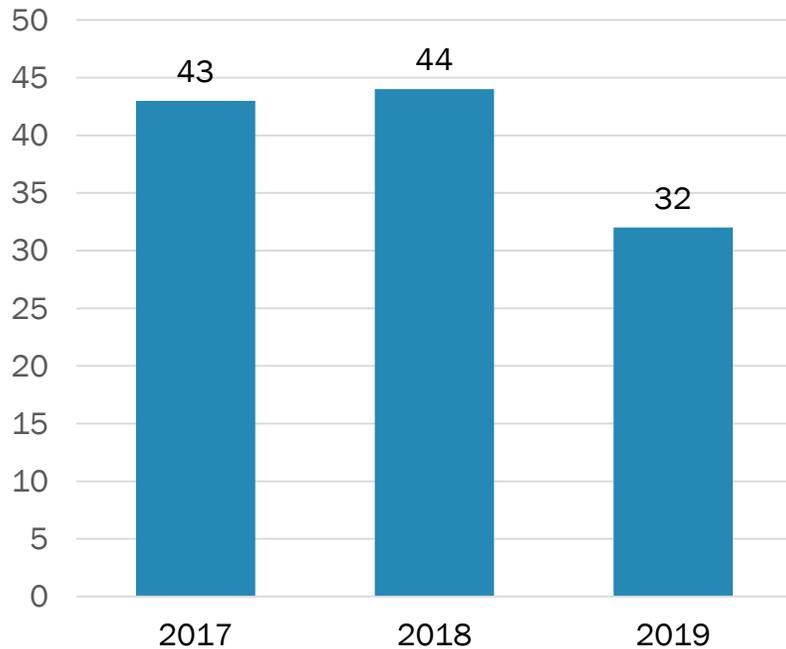
- **Investments in Q4-19 :**

- Blocks 3&4 - MUSD 16.0 (MUSD 14.2 in Q3-19)
- Block 49 - MUSD 1.6 (MUSD 0.2 in Q3-19)
- Block 56 - MUSD 8.6 following acquisition of 20% interest

- **Investment guidance 2020: MUSD 64 - 71**

- Blocks 3&4: MUSD 55 - 62
- Block 49 and Block 56: MUSD 9

Wells on Blocks 3&4



Wells completed Q4-19 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South	Shahd and Saiwan East	Near and far field exploration	Total
Appraisal/Production	3	-	1	-	4
Water injection	-	-	1	-	1
Water source	-	-	1	-	1
Exploration	-	-	-	2	2
Total	3	-	3	2	8

Operations Q4 2019

Blocks 3&4

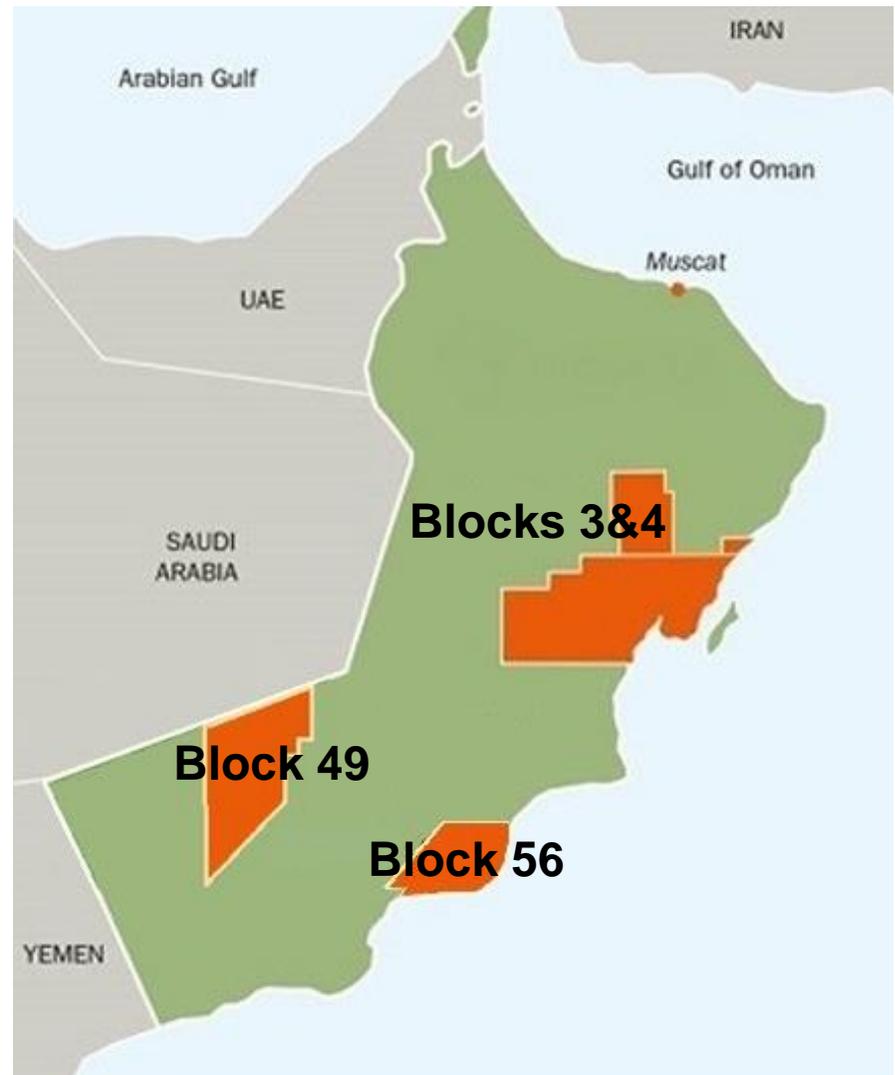
- Tethys Oil 30%, CCED 50% (operator) and Mitsui 20%
- Acquired 2007
- License valid until 2040
- Total area: 29,130 km²

Block 49

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

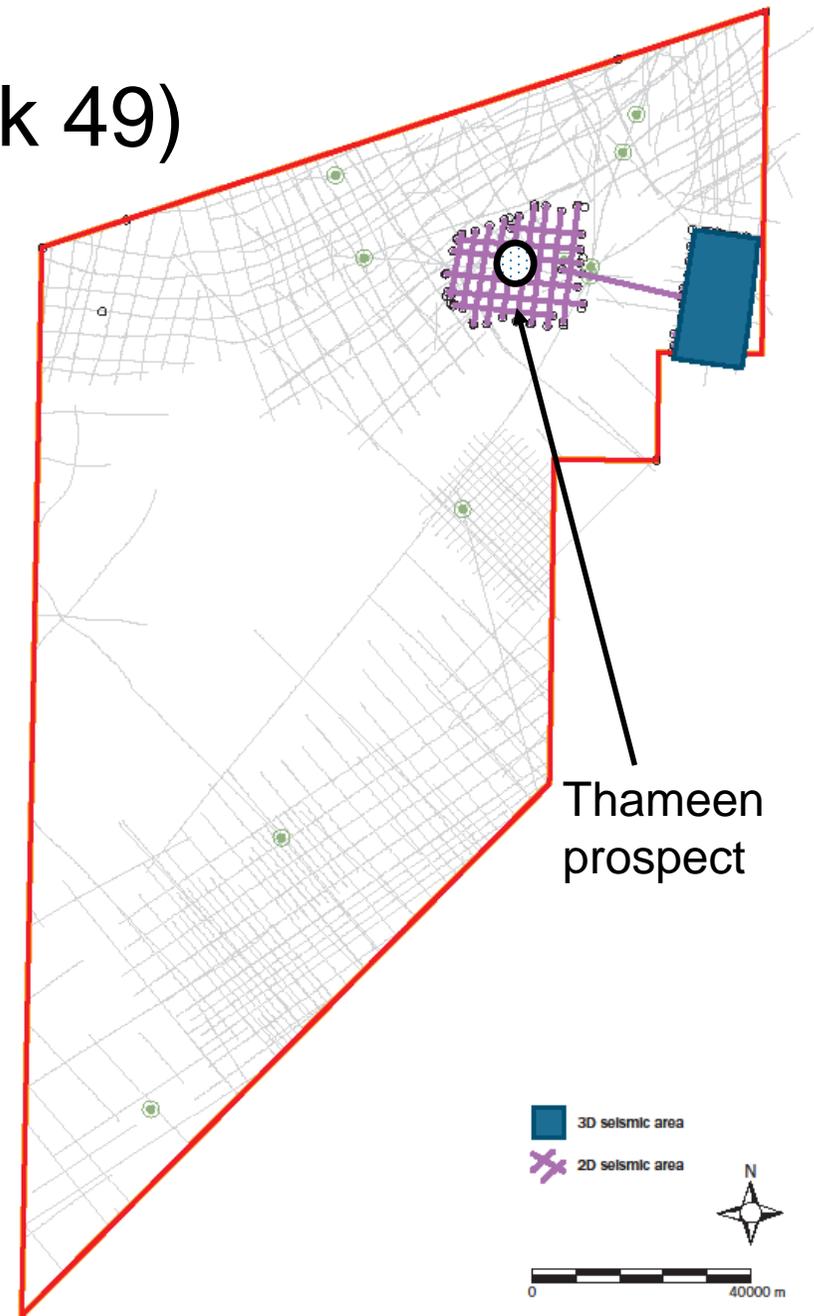
Block 56

- Tethys Oil 20%, Biyaq 5%, Intaj LLC 25%, and Medco Arabia Ltd 50% (operator)
- Signed in Q4-19
- EPSA covers an initial exploration until Dec 2020 with option to a second exploration phase ending Dec 2023.
- Total area: 5,808 km²

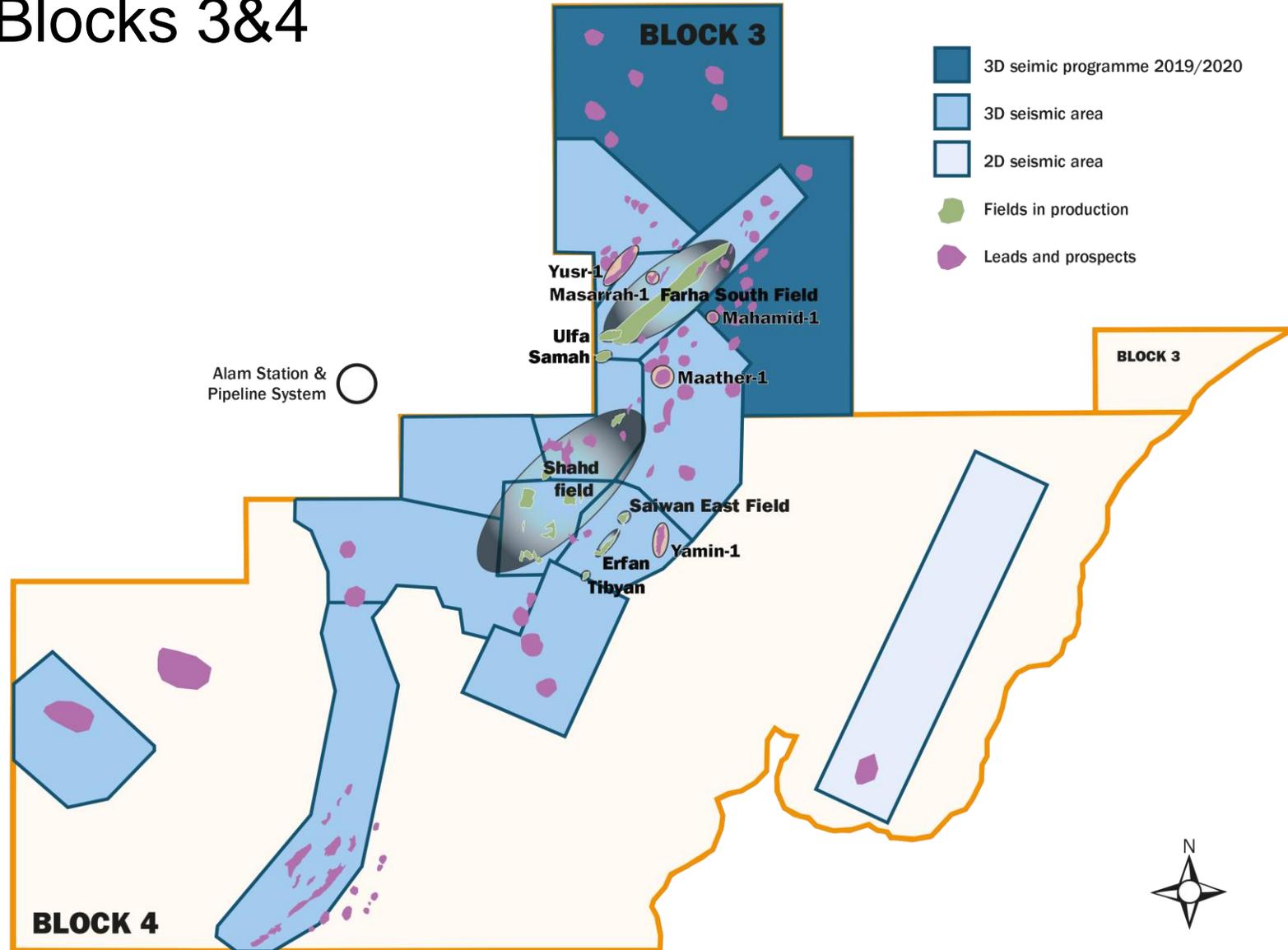


Drilling preparations (Block 49)

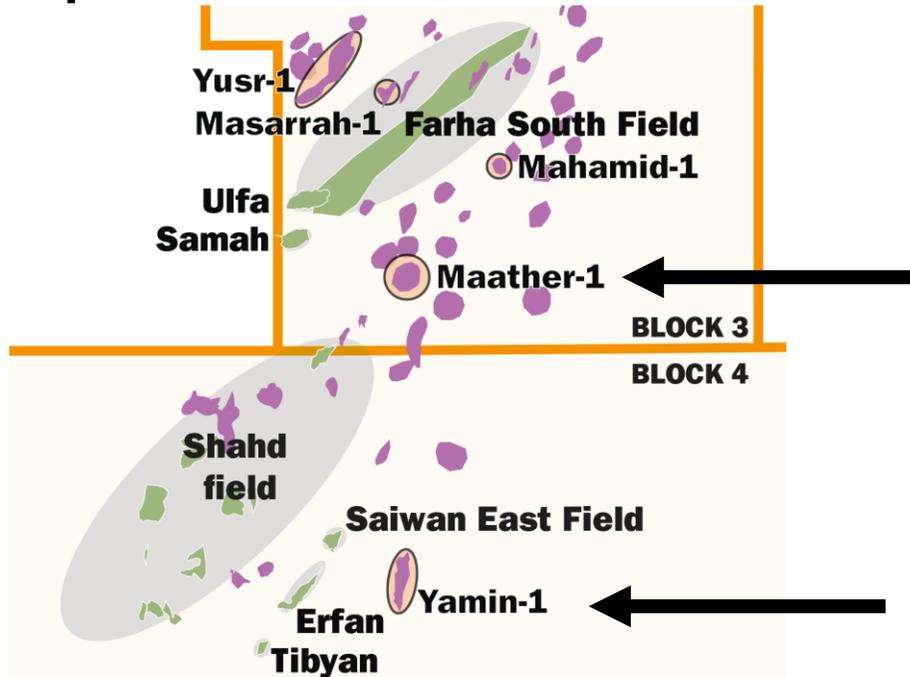
- 253 km² of 3D and 299 km of 2D seismic data were acquired in Q4-18
- First phase of the seismic interpretation was completed in the Q3-19
- The Thameen prospect defined
- Exploration well to a depth of close to 4,000 meters to evaluate three potential reservoir targets
- Prospect drill ready
- Drilling rig actively sought, tight market



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



Exploration wells



Maather-1

- Completed in Q4-19
- To test Buah, Khufai and Masirah Bay formations and underlying formations in the Cryogenian
- Oil shows but no flow to surface

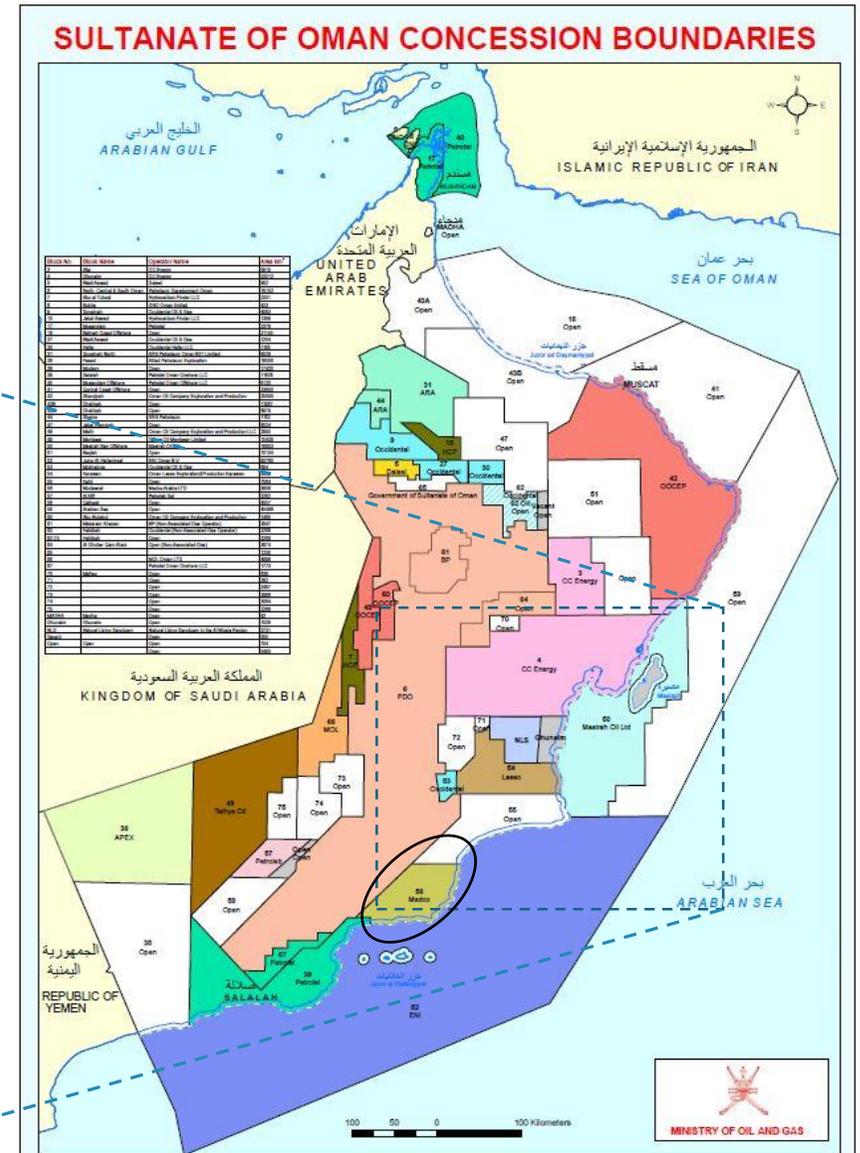
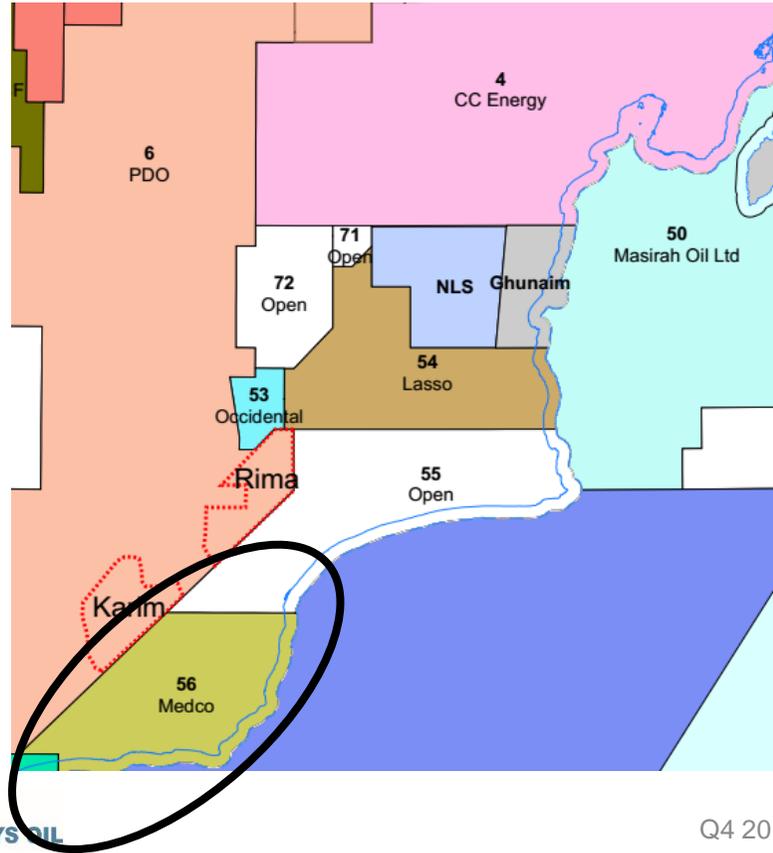
Yamin-1

- Completed in Q4-19
- To test Khufai
- Oil shows but no flow to surface

Block 56

Block 56, Onshore Oman

- Area: 5,808 km²
- Located some 200 km south of Blocks 3&4
- Partners after farm in; Medco Arabia Ltd (50% and operator), Intaj LLC (25%) Tethys Oil (20 %) Biyaq Oil Field Service (5%)
- Subject to government approval



Appraisal with excellent exploration potential

- 11 wells drilled to date, all but one have encountered oil or oil shows
- No well has been determined commercial.
- Current operator has drilled three of these wells
- Work programme to flow test three wells is currently ongoing
- Situated at the intersection of different geological provinces including geology familiar from Blocks 3&4
- Multiple play concepts, both proven and unproven



Outlook

- **Blocks 3&4:**
 - High exploration activity in 2020 – one rig dedicated to exploration and appraisal
 - Continued development drilling and upgrading of production facilities in 2020
 - Two major seismic surveys ongoing targeting more than 4,000 km² of new seismic data
- **Block 49:**
 - Prospect named Thameen defined
 - Prospect drill ready, actively seeking rig
- **Block 56:**
 - 2020: Test programme on three wells ongoing

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