



Tethys Oil
Q3 2020
3 November 2020



Q3-20 Highlights

Production:

**10,651
bopd**

Operations
uninterrupted
despite Covid-
19

Free cash
flow, before
acquisitions,
expected to
be positive for
Q4 and FY
2020

Block 49

Thameen-1
well planned
to commence
mid-Dec

Block 58

New
exploration
block signed
in July

Block 56

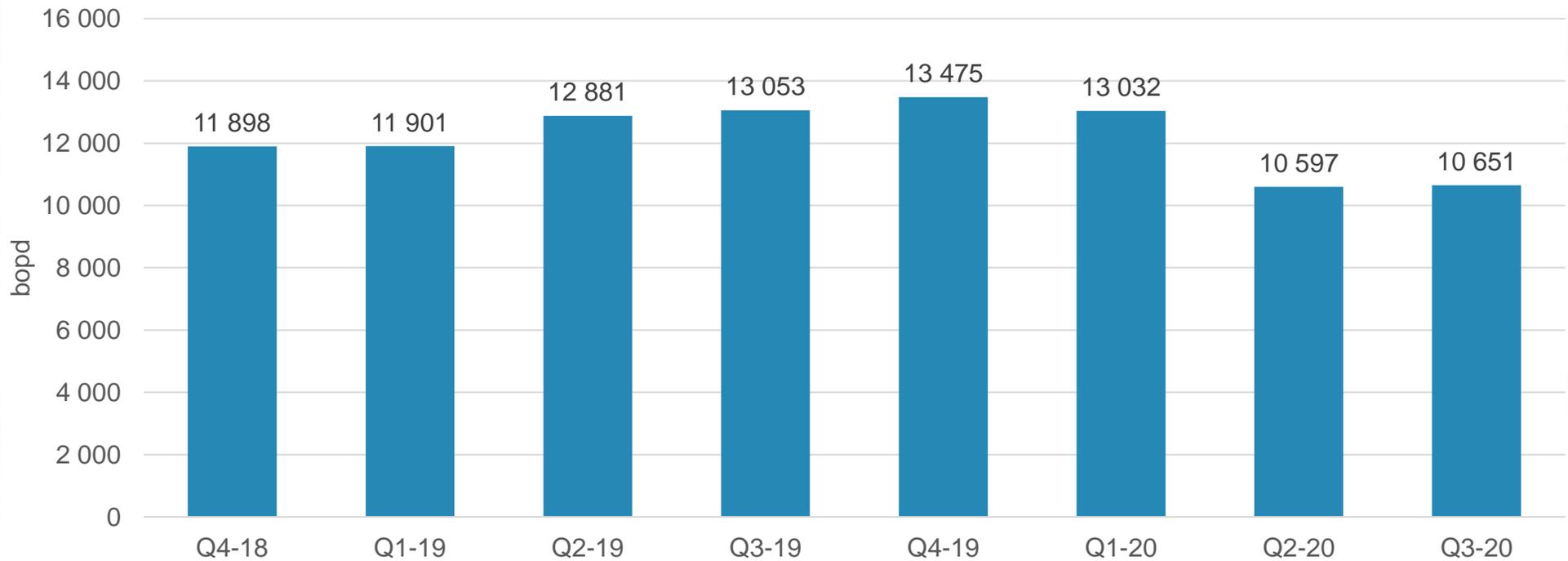
Increased
interest to
65% and
operatorship

Q3-20 Financial highlights

	Q3-20	Q2-20	Q3-19	9M-20	9M-19	FY-19
Revenue and other income, MUSD	20.4	21.1	40.7	78.7	114.7	150.8
EBITDA, MUSD	9.5	8.7	26.6	40.1	71.7	92.9
Operating result, MUSD	-1.0	-1.7	14.5	6.5	36.5	37.1
Free cash flow, MUSD	-11.7	0.2	10.4	-2.3	26.6	31.4
Avg. selling price, USD/bbl	42.8	34.3	65.4	49.4	64.9	64.2
Opex, USD/bbl	9.5	10.8	10.1	10.7	11.1	11.0
Ave. daily production, bbl	10,651	10,597	13,053	11,466	12,616	12,832

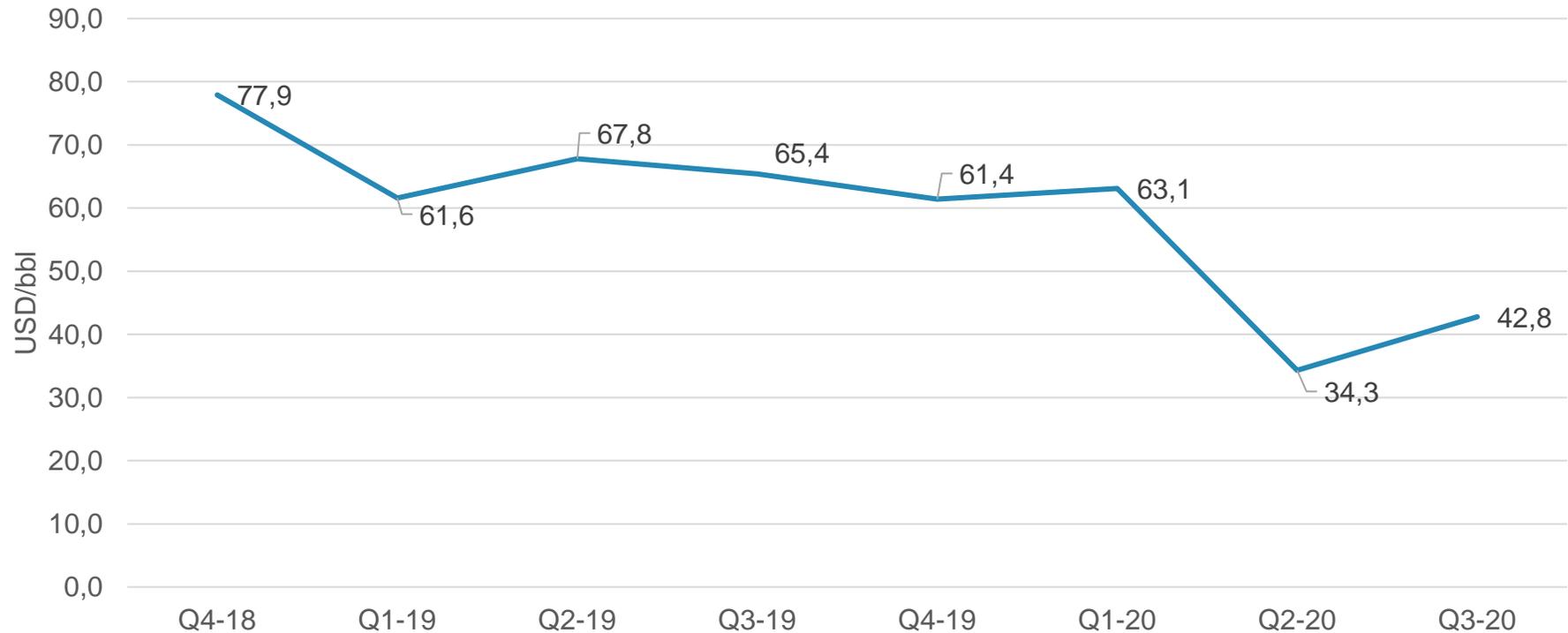
- Production of 10,651 bopd inline with Q2-20
- Revenue and other income of MUSD 20.4 reflects lower net entitlement
- Entitlement 52% (55% in Q2-20) - FY 2020 expected at or just below annual maximum 52%
- EBITDA at MUSD 9.5, up from MUSD 8.7 in Q2-20
- Free cash flow negative mainly due to timing differences and overlift adjustments

Production, Blocks 3&4



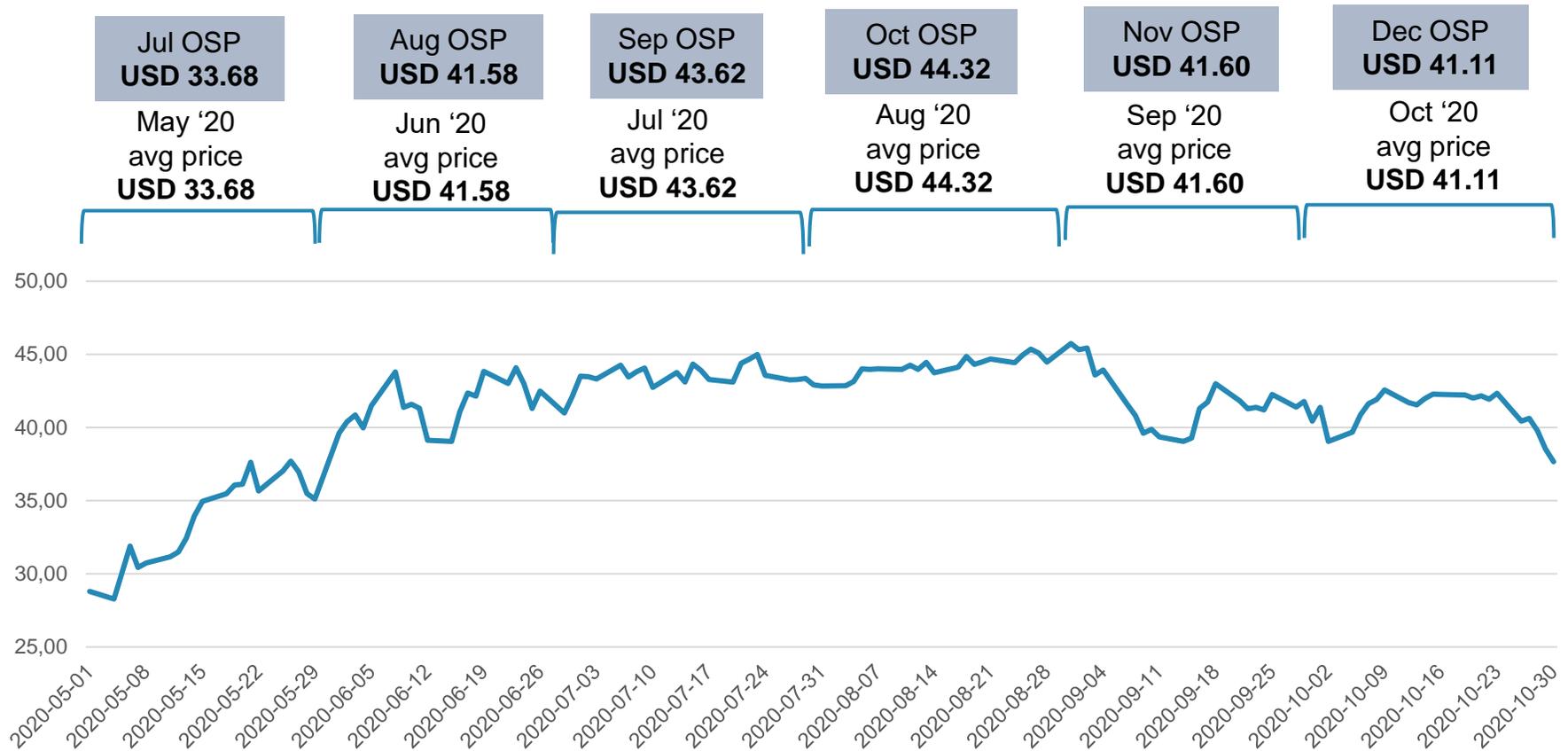
- Oil production subject to production limitations under OPEC+. Blocks 3&4 subject to limitations since May
- Average daily production of 10,651 bopd, in line with Q2-20

Achieved selling price per barrel



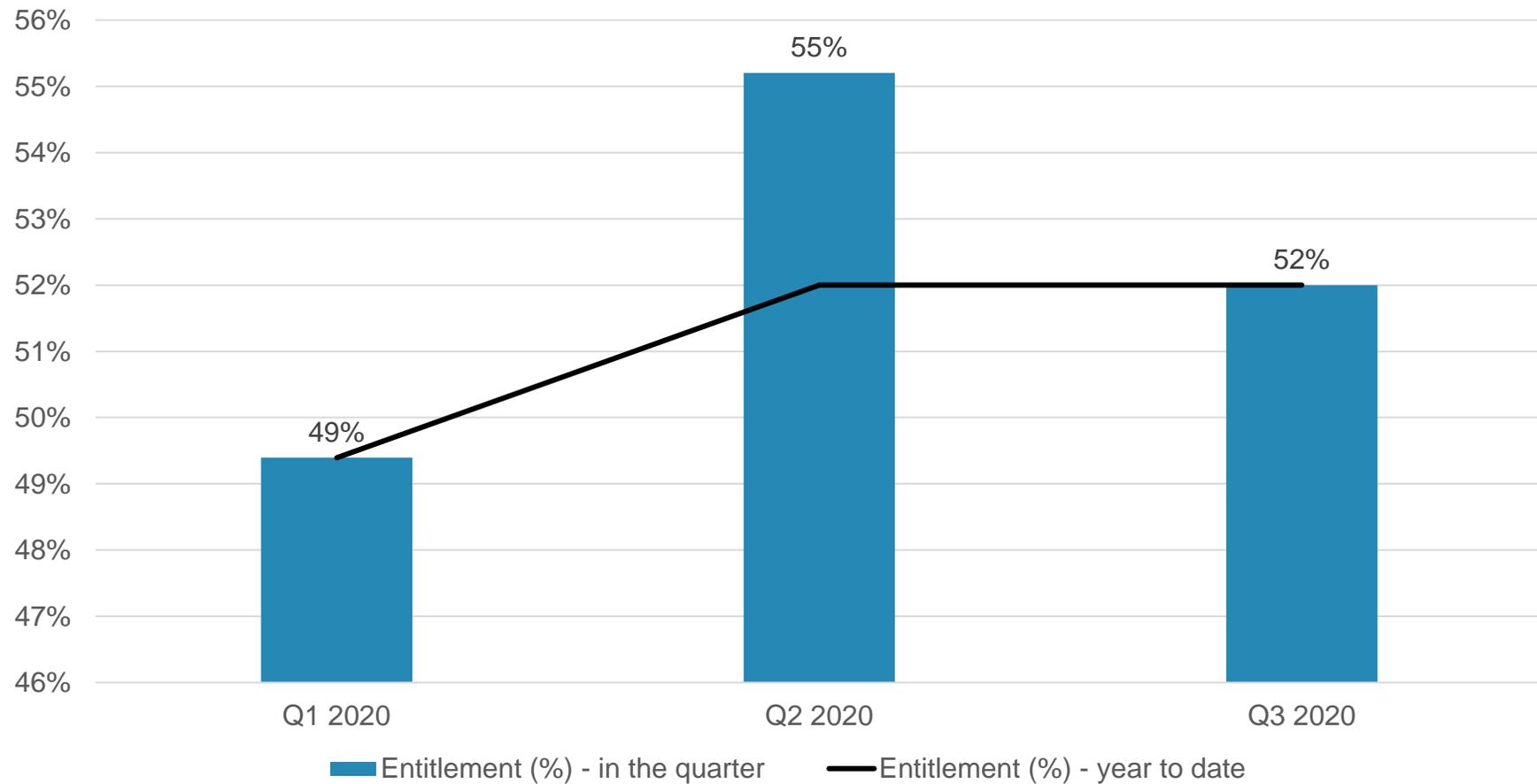
- Achieved selling price up 25% to USD 42,8/bbl, (Q2-20:USD 34.3 /bbl)
- Achieved selling price was positively impacted by no lifting was made in July 2020 when the price was OSP per barrel was at the lowest at USD 33.7
- 2-month lag in the calculation of the OSP - sharp drop in oil prices starting March 2020 had an impact on achieved prices starting in May 2020

Official Selling Price (OSP)



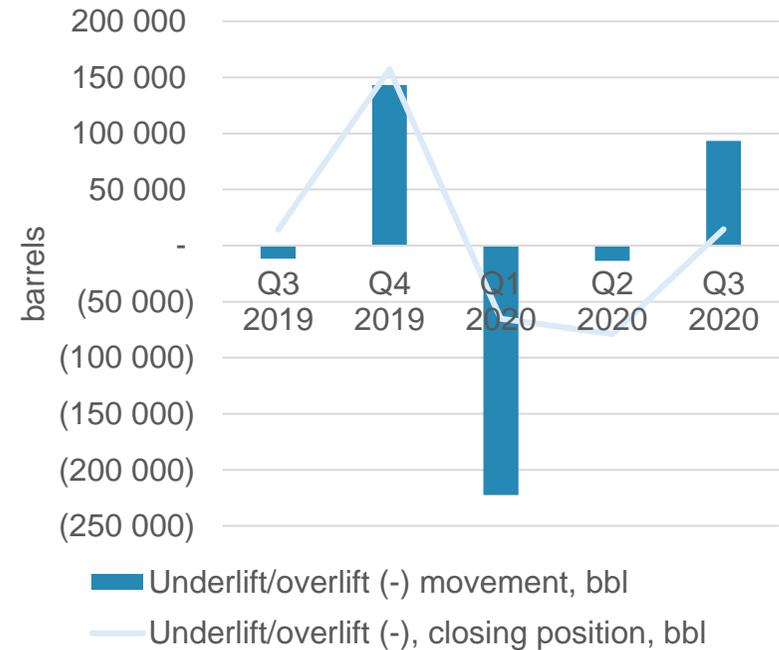
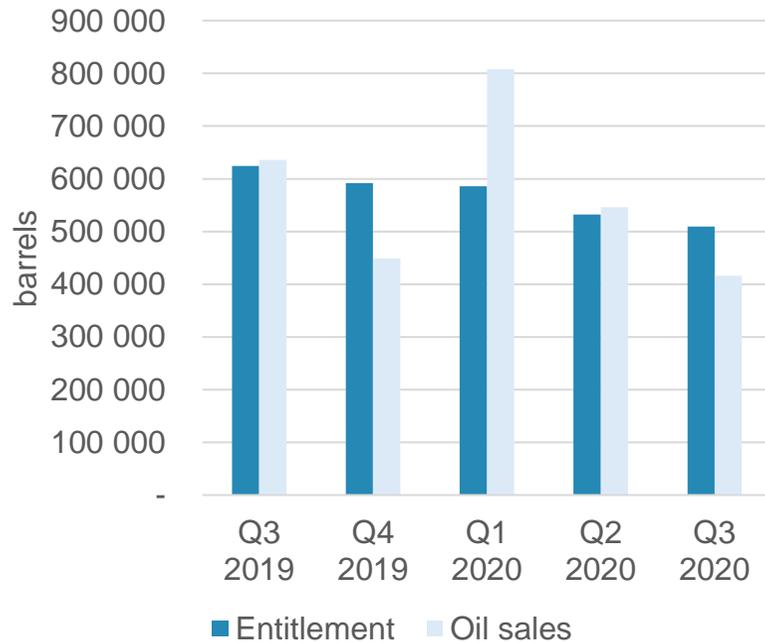
- The OSP is calculated from the average price of the front month contract for Oman export blend as traded on the Dubai Mercantile Exchange
- Q4-20 average OSP will be USD 42.3/bbl

Net entitlement



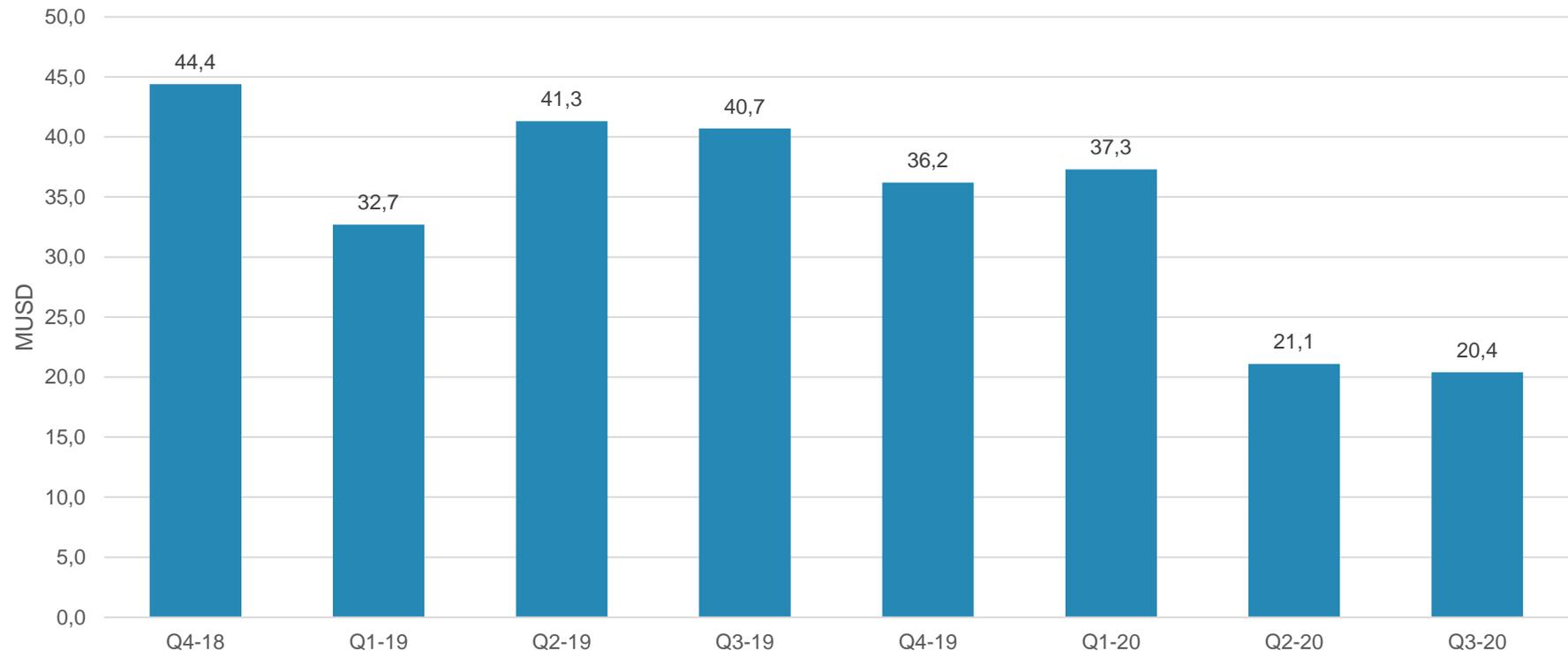
- Unutilised entitlement (cost oil) can be carried forward later in the year
- Full year entitlement can never exceed 52%

Over/underlift



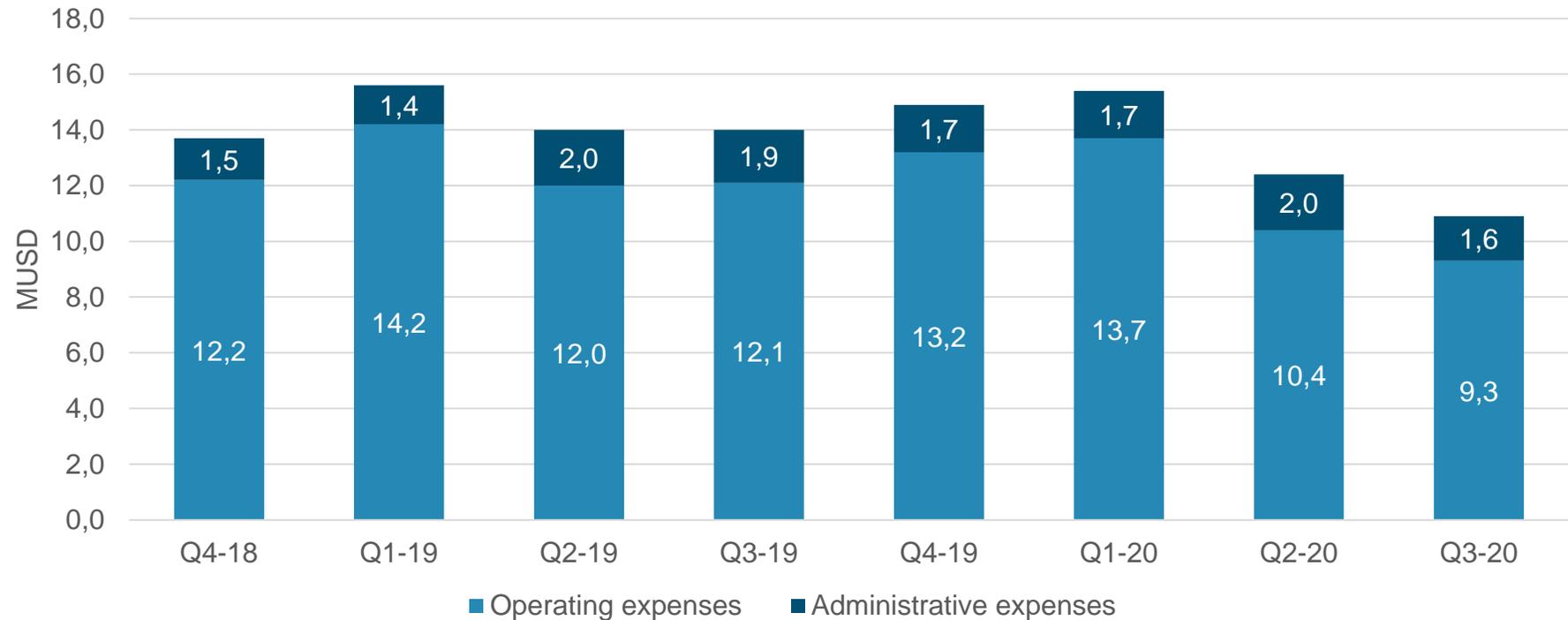
- Liftings nominated 2-3 months ahead of time resulting in potential over/underlift vs actual production
- Tethys Oil is contractually obliged to hold a neutral over/underlift position over time resulting in corrections in lifted volumes

Revenue and other income



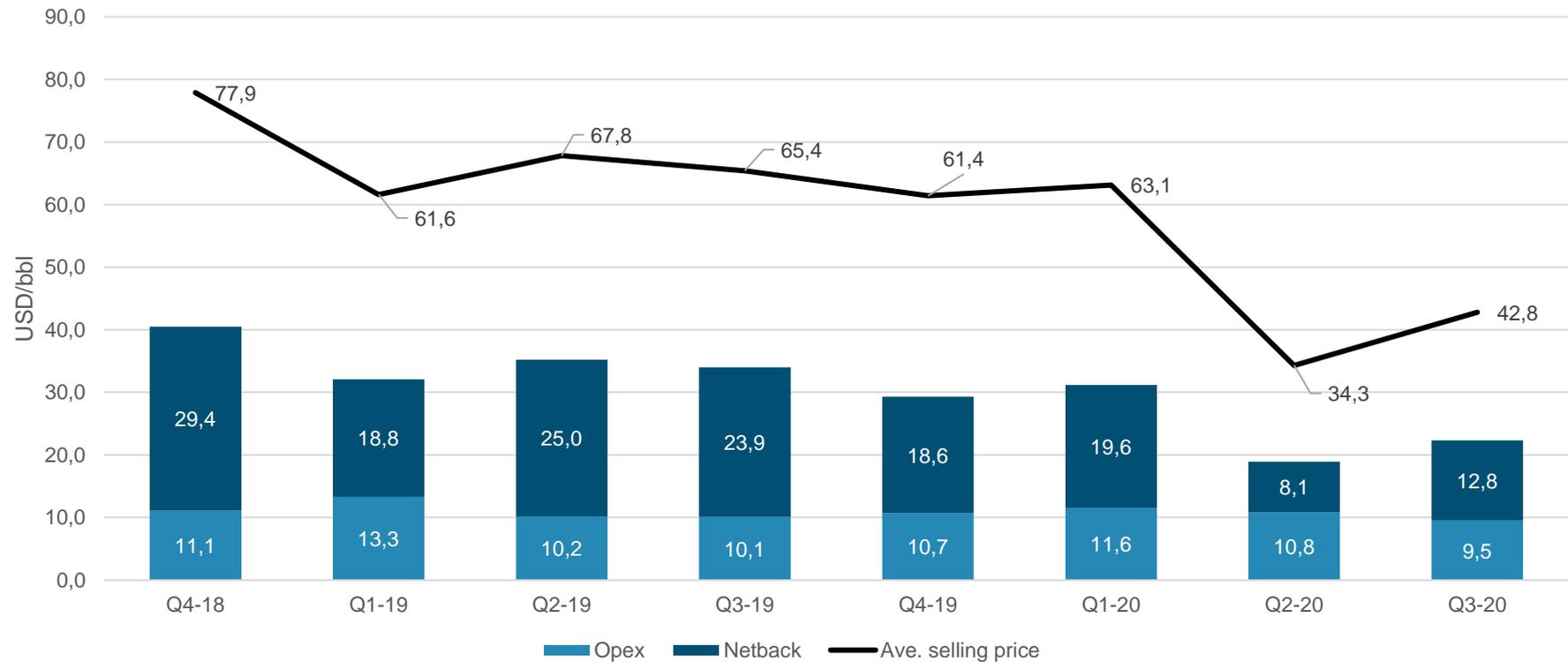
- Q3-20 Revenue and other income amounted to MUSD 20.4, down 3% compared with Q2-20 due to lower net entitlement
- Net Entitlement for 2020 expected to be at or just below annual maximum 52% under current market conditions

Expenses



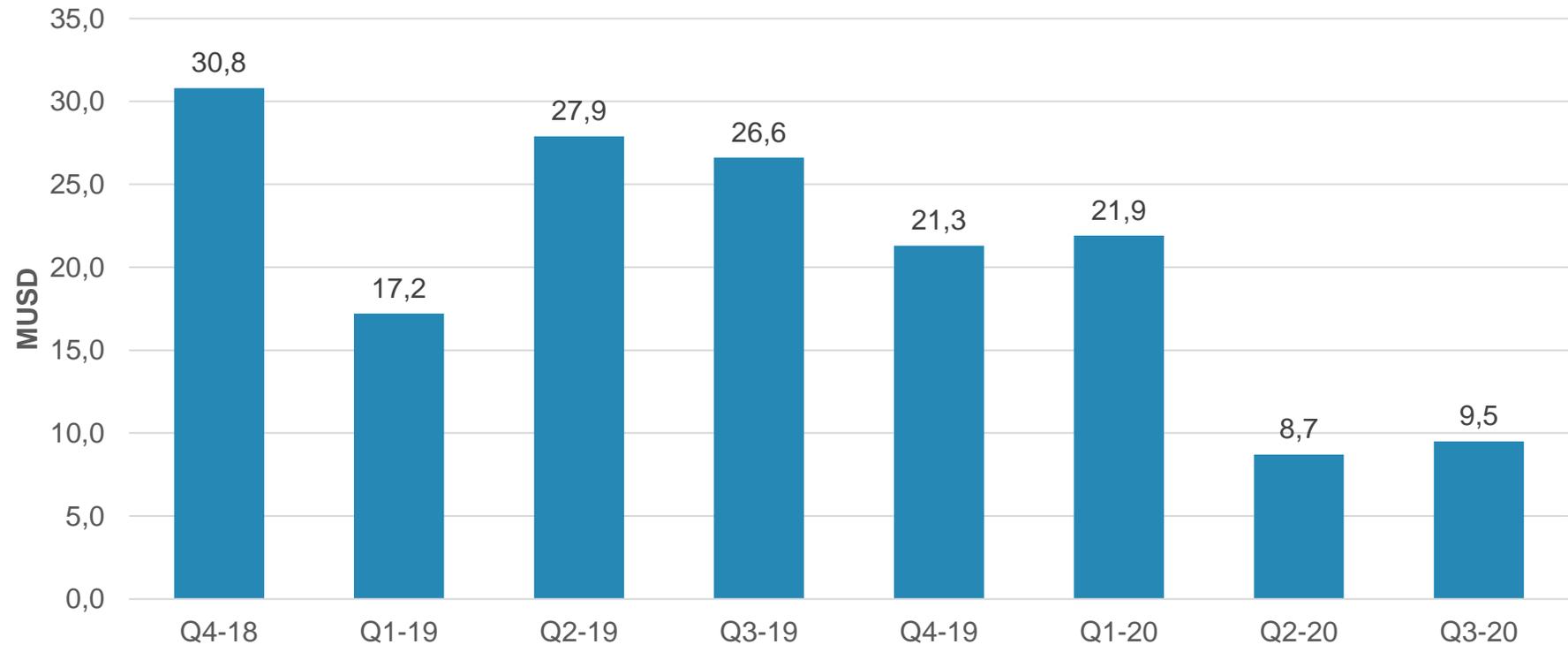
- Opex in Q3-20 amounted to MUSD 9.3, down 11% compared to MUSD 10.4 in Q2-20 following shut-in of higher cost wells and fewer and less expensive workovers and well interventions
- Admin costs in Q3 were lower compared to Q2-20 mainly due to the cost of the long-term incentive programme included in Q2-20

Opex and Netback* per barrel (USD/bbl)



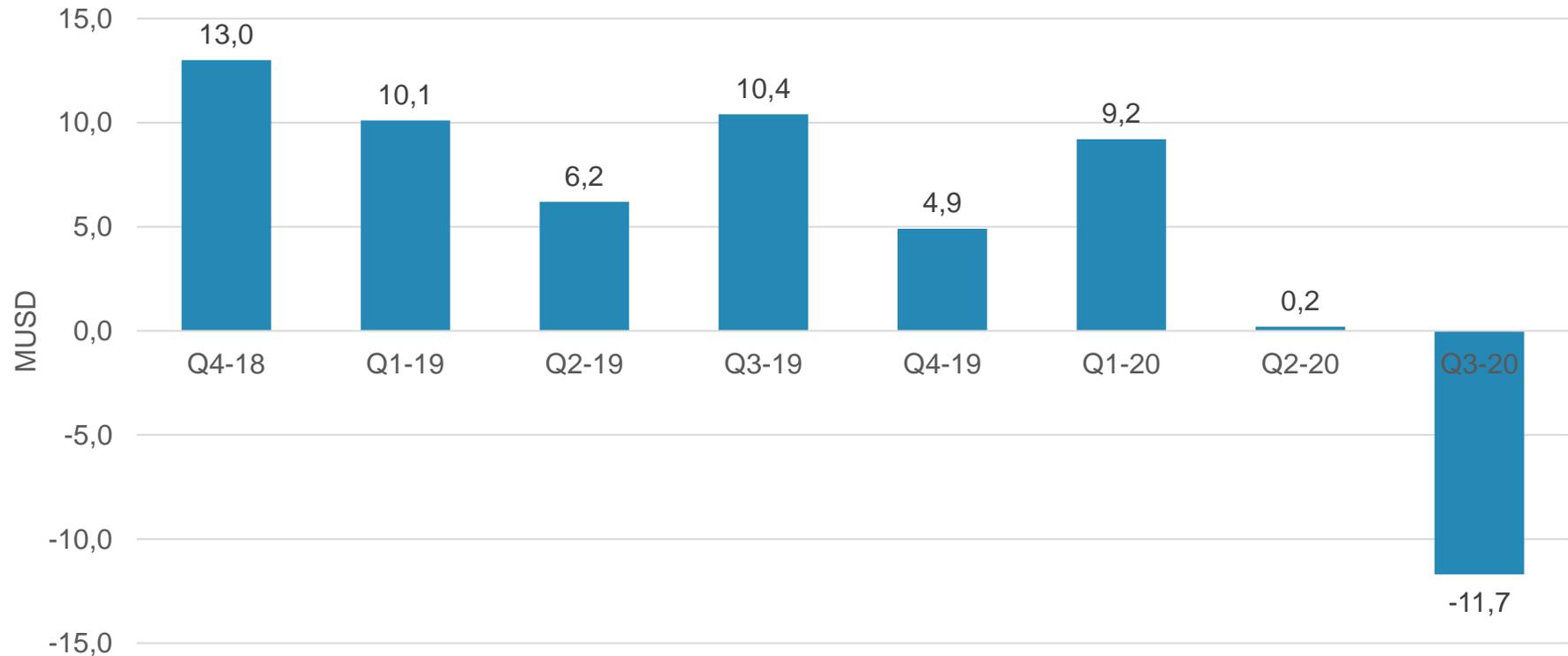
- Netback up 58% in Q3-20 compared with Q2-20 following higher achieved oil price and lower operating expenses offsetting a lower net entitlement

EBITDA



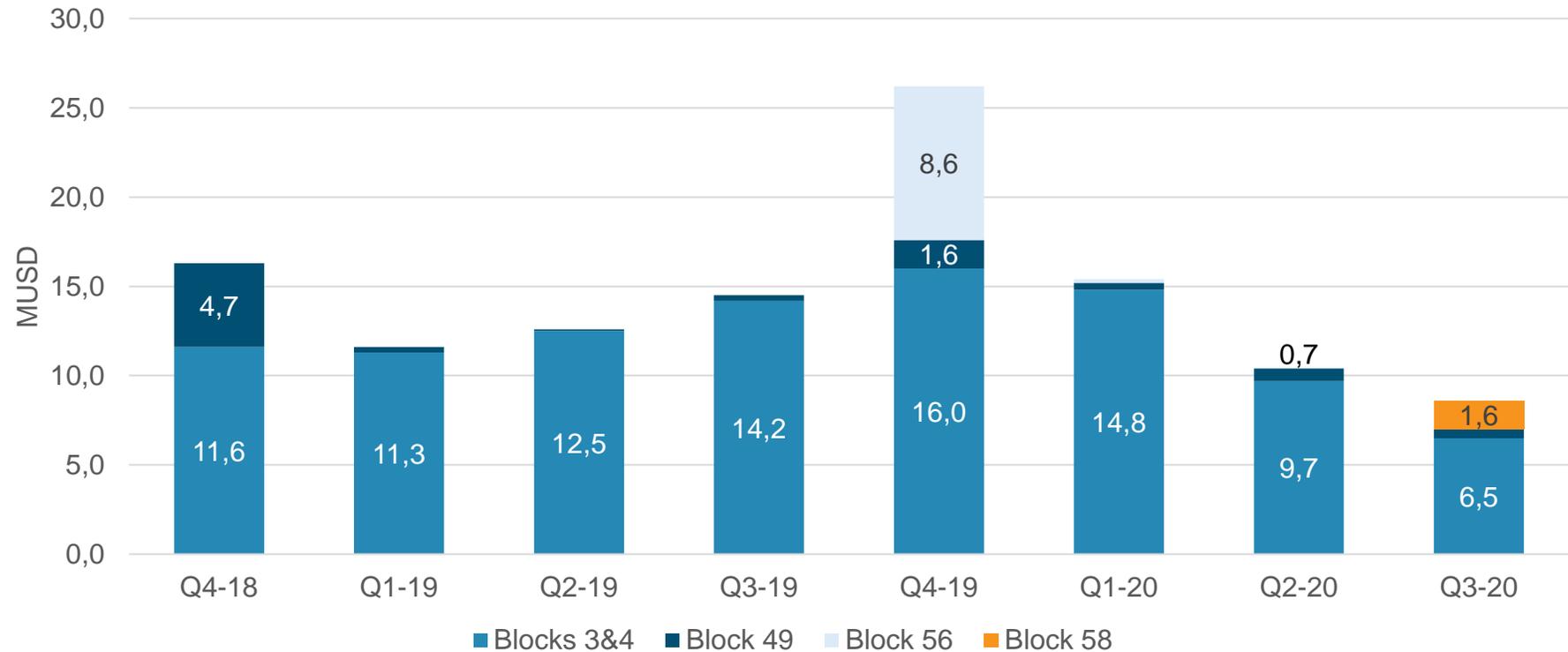
- EBITDA of MUSD 9.5 in Q3-20, up 9% compared with Q2-20
- EBITDA margin of 47% in Q3-20, up from 41% in Q2-20

Free cash flow



- Free cash flow in Q3-20 of MUSD -11.7, mainly due to a negative working capital effect of MUSD -12.3
- The negative working capital effect is due to timing of liftings, and is expected to normalise in the fourth quarter.

Oil and gas investments

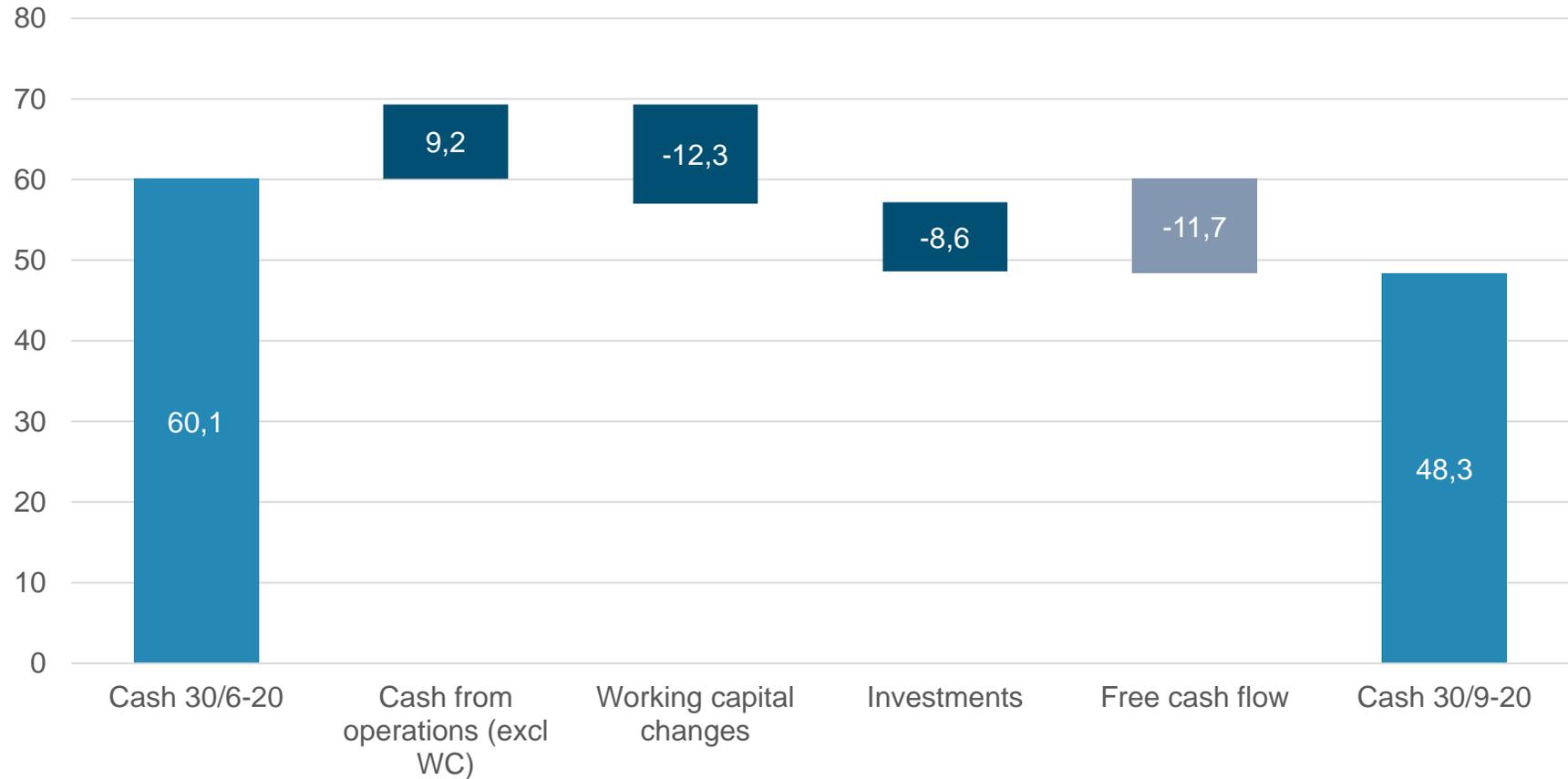


Investments in Q3-20:

- Blocks 3&4 – MUSD 6.5 (MUSD 9.7 in Q2-20)
- Block 49 - MUSD 0.5 (MUSD 0.7 in Q2-20)
- Block 56 – MUSD 0.0 (MUSD 0.0 in Q2-20)
- Block 58 – MUSD 1.6 (n.a. in Q2-20)

Cash reconciliation

MUSD



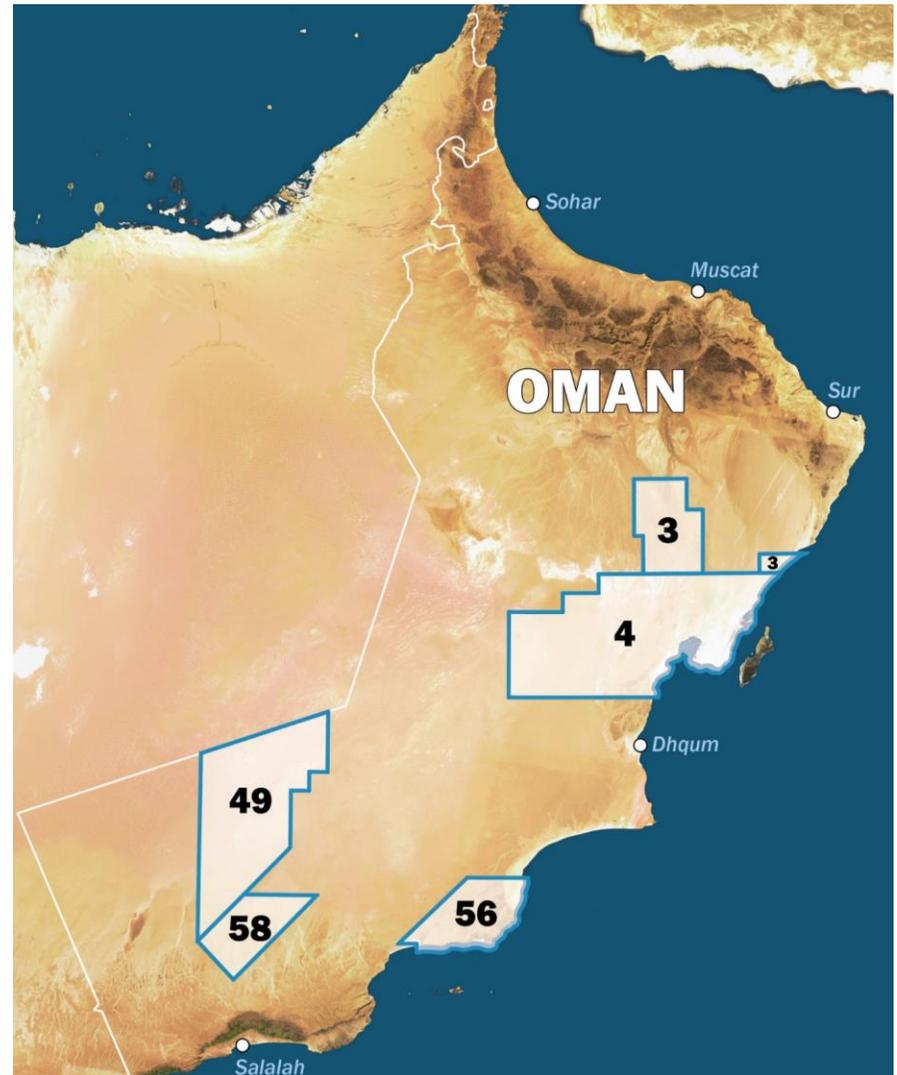
Balance Sheet

<i>(MUSD)</i>	2020-09-30	2020-06-30	2019-12-31
<i>Assets</i>			
Oil and gas properties	212.9	214.8	211.7
Other assets	14.0	6.2	12.9
Cash and cash equivalents	48.3	60.1	75.6
Total assets	275.2	281.1	300.2
<i>Liabilities</i>			
Shareholders' equity	260.1	261.3	276.3
Total liabilities	15.1	19.8	23.9
Total shareholders' equity and liabilities	275.2	281.1	300.2

- Solid debt free balance sheet

Operations

- Tethys strong presence in Oman
- Capitalising on more than 10 years of exploration and production experience in the Sultanate of Oman
- Now holding interest in five blocks, of which three are operated
- Combined licence area amounts to 54,934 km², corresponding to 18% of Oman's total areal extent



Licences in Oman

Blocks 3&4

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

Block 49

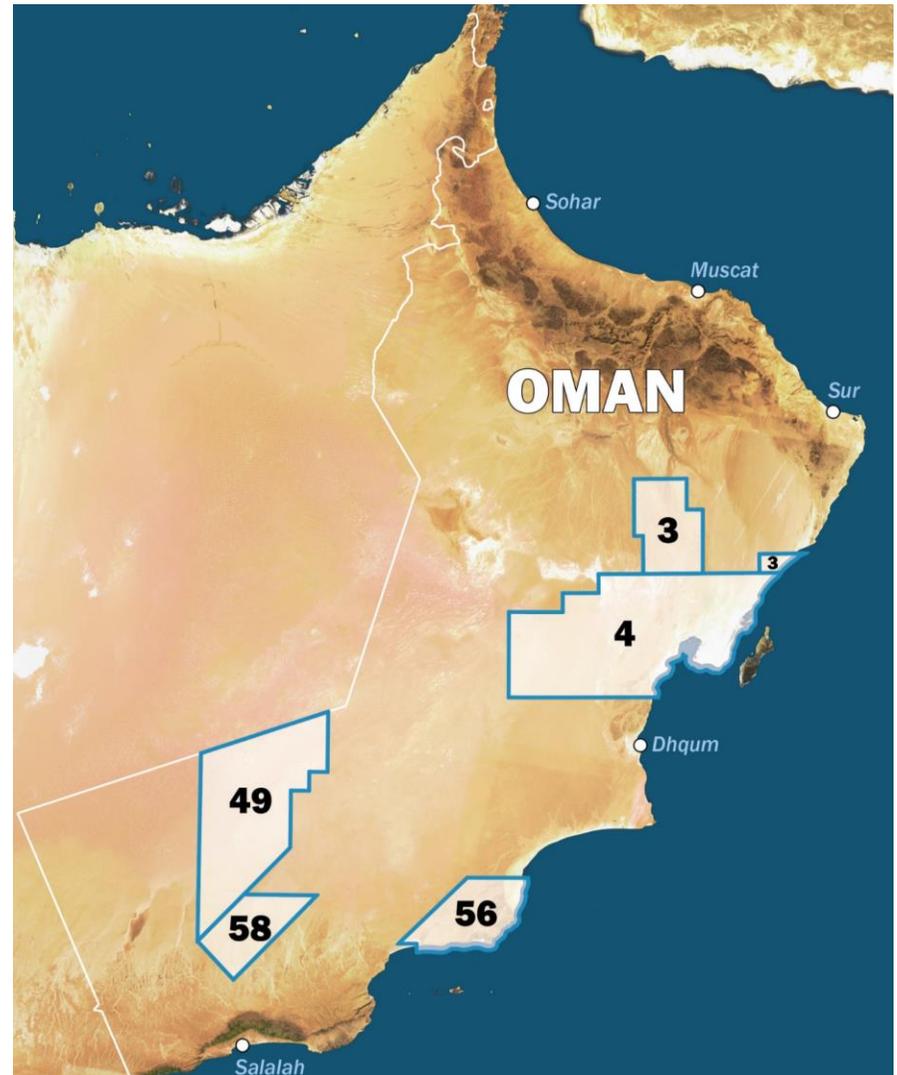
- Tethys Oil 100% (Operator)
- Signed in Q4-17
- EPSA: initial exploration period of 3 + 3 years
- Total area: 15,439 km²

Block 56

- Tethys Oil 65%* (Operator), Medco 5%, Biyaq 25% and Intaj 5%
- Signed in Q4-19
- EPSA: initial exploration until Dec 2020, option +3 years
- Total area: 5,808 km²

Block 58

- Tethys Oil 100% (Operator)
- Signed in Q3-20
- EPSA: initial exploration period of 3 + 3 years
- Total area: 4,557 km²



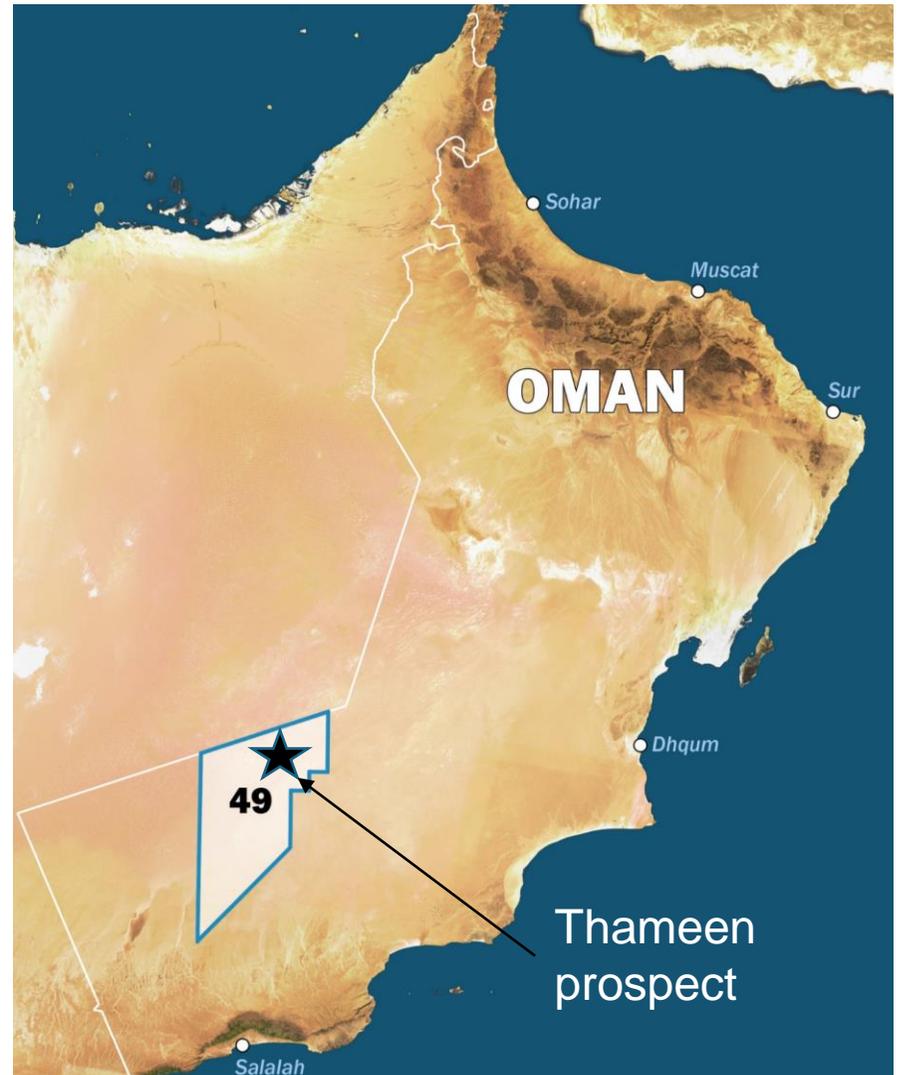
Blocks 3&4

- Wells drilled in Q3-20
 - 1 Appraisal/Production well
 - 1 Water injection well
- Production and oil exports continued uninterrupted
- Implementation of cost savings in response to the lower oil price
- 1 drilling rig and 1 workover rig operational
 - 2 rigs put on standby in June
- Ongoing interpretation of 2019/2020 seismic survey
- Exploration well Anan-1 is planned to be spudded in Q4-20

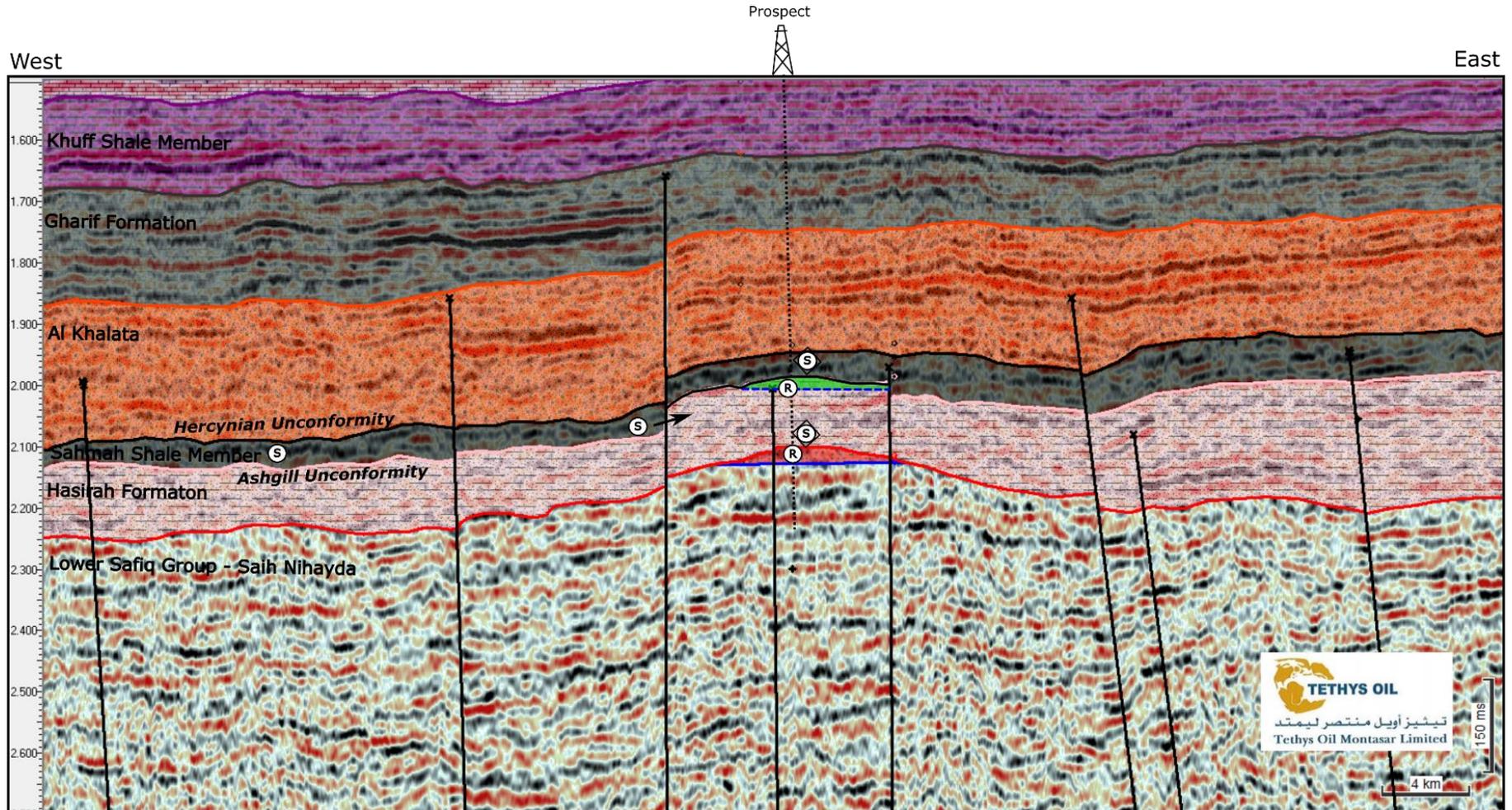


Block 49

- 253 km² of 3D and 299 km of 2D seismic data were acquired in Q4-18
- Thameen-1 well expected to be spudded in mid-December
- Well to be drilled to a depth of close to 4,000 meters to evaluate three potential reservoir targets
- Construction at the drill site has started, including construction of roads, drill pad, and camp
- Rig identified and final stages of negotiating the rig contract.
- One-year extension of the first exploration phase of the Block granted until Dec 2021



Thameen-1 prospect overview



Construction at the drill site Block 49



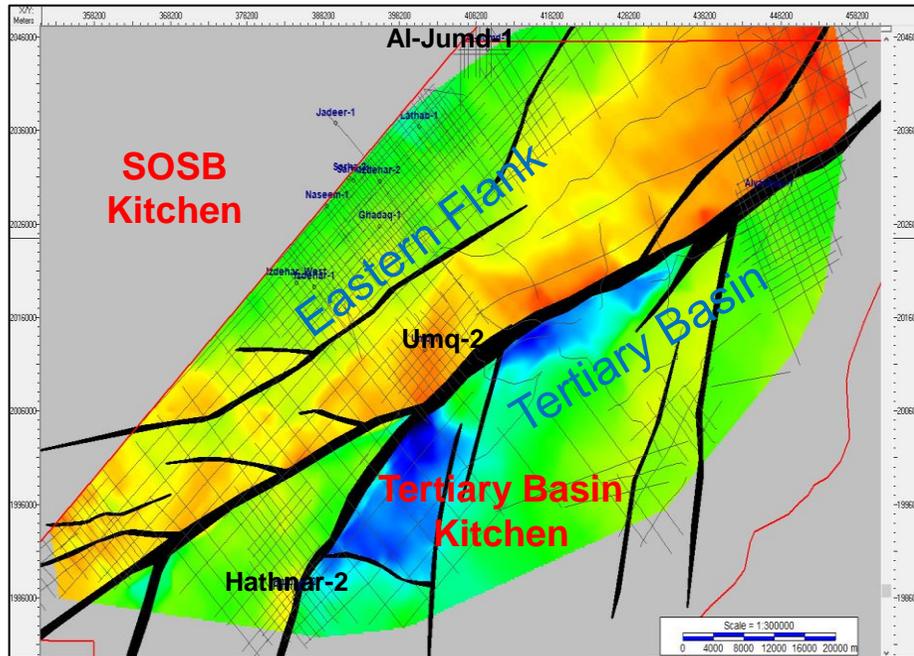
- Civil works at the drill site ongoing

Block 56

- Testing operations of 3 wells successfully completed in Q1-20:
- Active petroleum system confirmed
 - crude quality of 20-25 degrees API
 - medium viscosity
 - commerciality yet to be determined
- In Q4-20 Tethys entered into an agreement to acquired 45 percent interest which will increase Tethys' interest from 20 to 65 percent.
- Upon closing of acquisition, Tethys Oil will assume operatorship
- Q3-20: Potential of the Block has been reviewed and the preparation of the second exploration phase work program continued

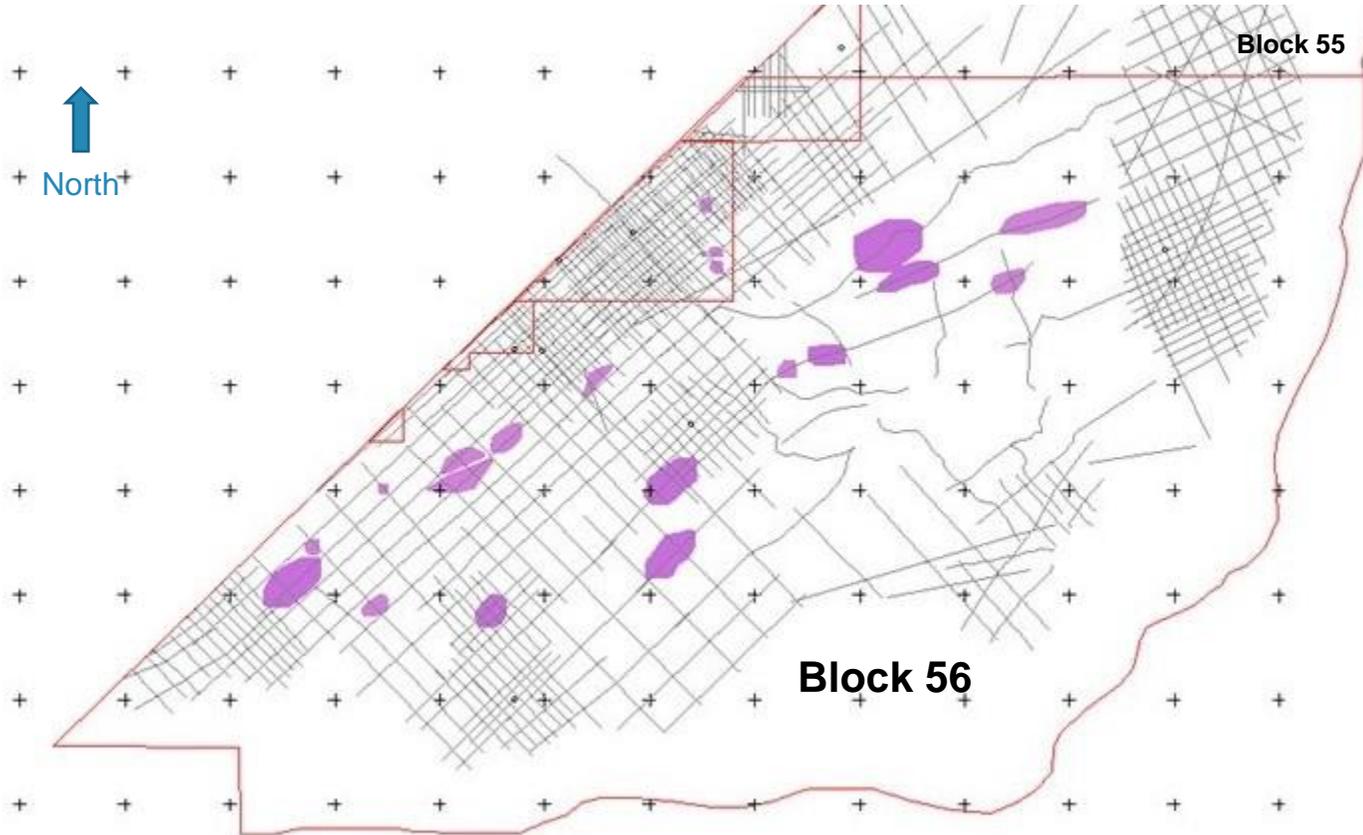


Block 56 geology



- Block 56 straddles Eastern Flank of South Oman Salt Basin and the Tertiary Basin
- NE-trending bounding fault separates two domains
- The structural trends are controlled by the NE-trending basement highs
- One well confirmed the presence of an active petroleum system with a crude quality of 20-25 degrees API and medium viscosity, although commerciality is yet to be determined.
- The results would suggest that a proven and producing play in the adjacent Block 6 extends into Block 56.
- A number of undrilled leads within this oil play have been identified

Block 56 – Multiple leads identified on 2D seismic

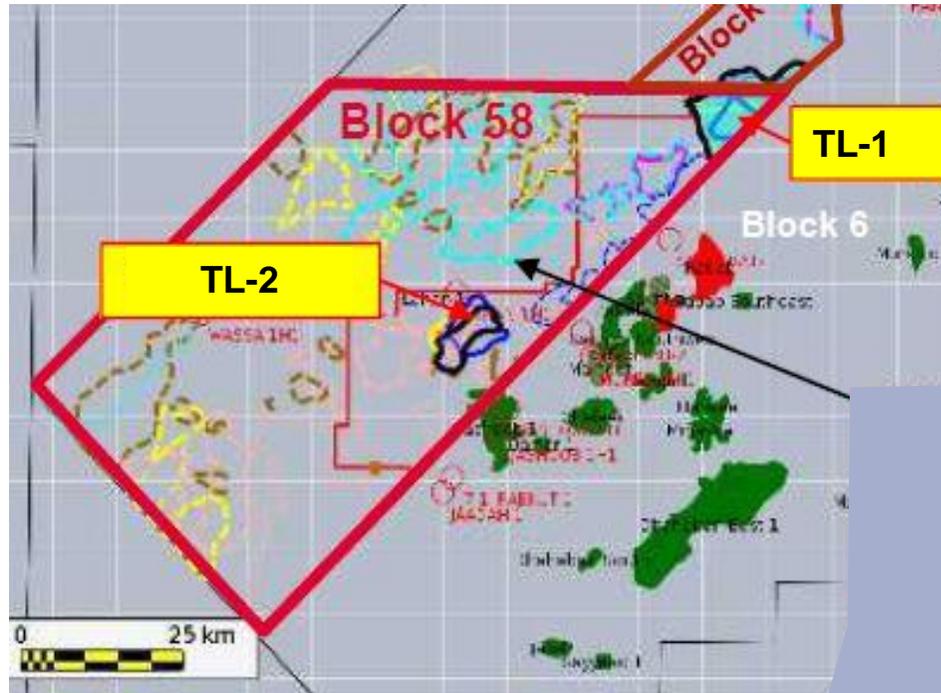


Block 58

- EPSA signed in July
- Tethys operator with 100% license interest
- Covers an area of 4,557 km² adjacent to Block 49
- Straddles the western flank of the South Oman Salt Basin and the Western Deformation Front
- 7,600 km of 2D seismic and 1,100 km² of 3D seismic data acquired by previous operators has been made available to Tethys Oil
- 2 wells drilled within the block boundaries encountered hydrocarbon shows
- Several leads identified
- Legacy seismic 3D data merged in Q3-20
- Review on-going to determine if re-processing of the data will be needed.
- Planning of 2021 work program has started.



Block 58 identified leads



- Based on current work, Tethys Oil has identified multiple leads in the block
- Two leads stand out
 - **Tethys Lead 1 (TL-1)** – targeting Buah, Birba and Khufai
 - **Tethys Lead 2 (TL-2)** – targeting Ara stringers

Outlook

Block 49:

- The Thameen-1 well planned to spud in mid-December

Block 56:

- Following agreement with Medco, to increase interest to 65% and assume operatorship (subject to government approval)

Block 58:

- 2021 work programme focusing on maturing leads

Blocks 3&4:

- Exploration well Anan-1 to be spudded in Q4-20

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