



Tethys Oil

Q3 2021
9 November 2021



Q3-21 Highlights

Production
11,280
Barrels per day

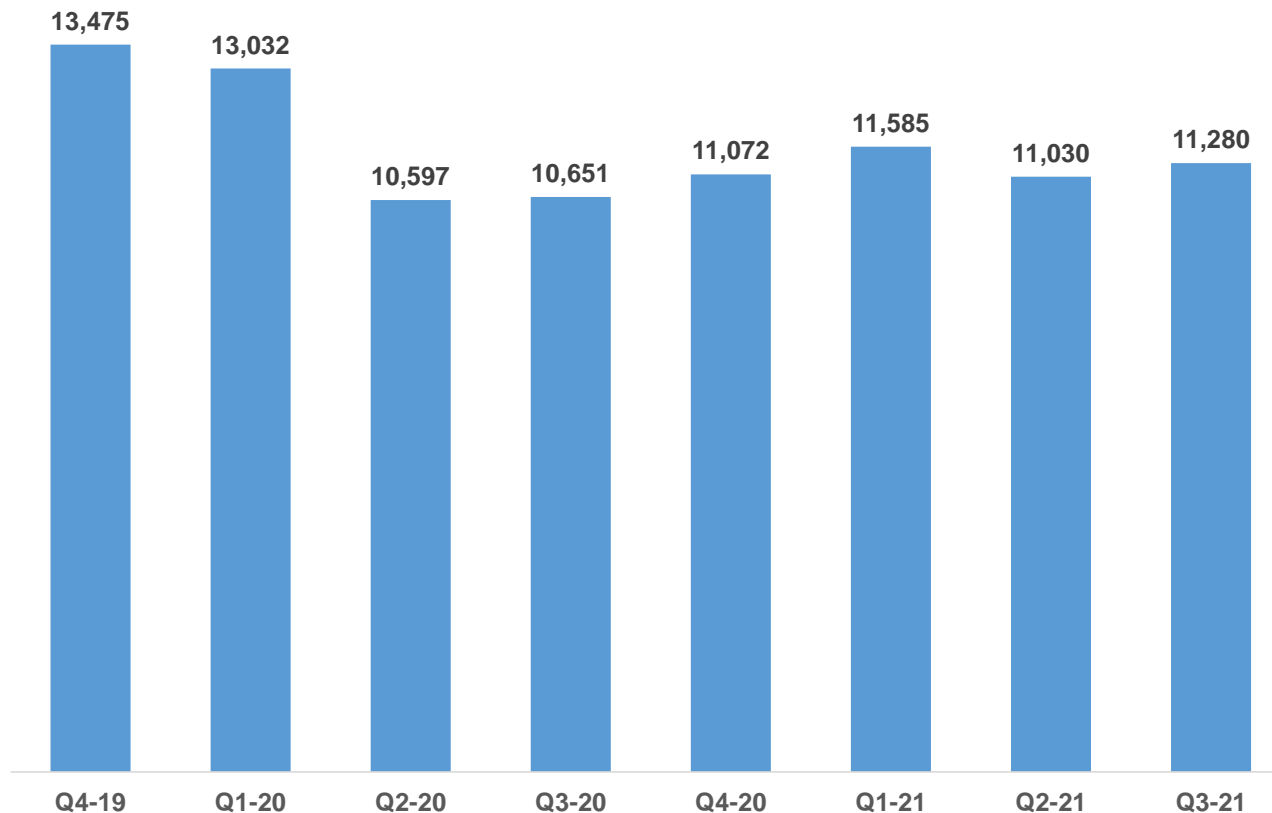
**Achieved oil
price**
USD 66.7
Per barrel

**Free Cash
Flow**
MUSD 13.1

Net Cash
MUSD 58.5

- Strongest quarter financially since start of pandemic
- Block 56 : 3 well exploration & appraisal programme on Al Jumd trend to spud by end of Q4-21
 - Targets combined prospective resource of 7 mmbo (gross, unrisked)
- Full year production expected at 11,100 bopd (previously expected second half production to exceed first half average of 11,306 bopd)
 - Increased need for workovers and maintenance

Production, Blocks 3&4



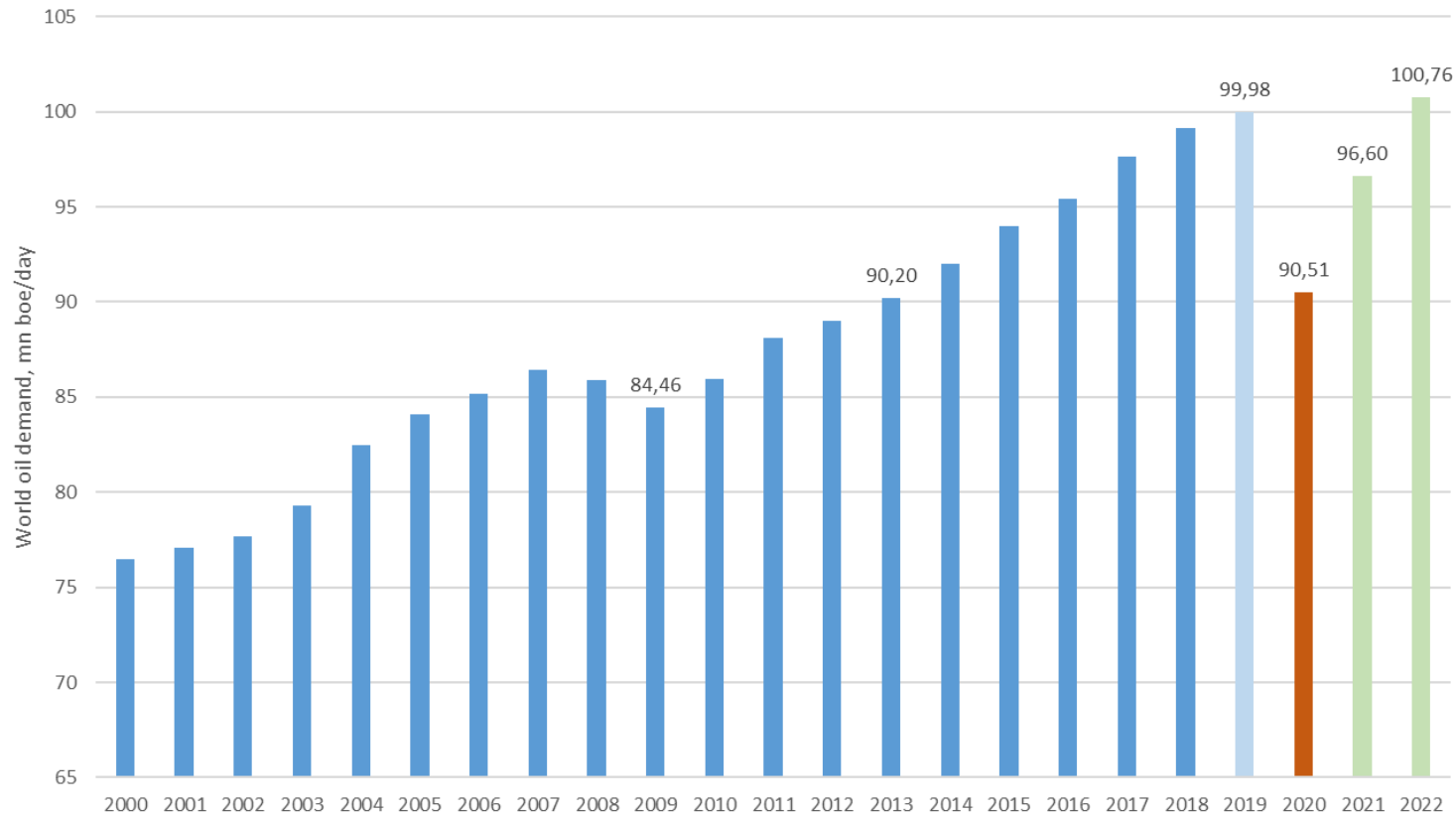
- Oman oil production subject to production limitations under OPEC+. Blocks 3&4 subject to limitations since May 2020

Average daily production:

- Q3 2021: 11,280 bopd
 - 9M 2021: 11,297 bopd
- Tethys Oil expects full year average production of approximately 11,100 bopd
 - Previously expected H2 2021 production to be higher than H1 2021 production of 11,306 bopd
 - Year end fluctuations in monthly production

Demand for oil set to surpass the pre-pandemic level in 2022

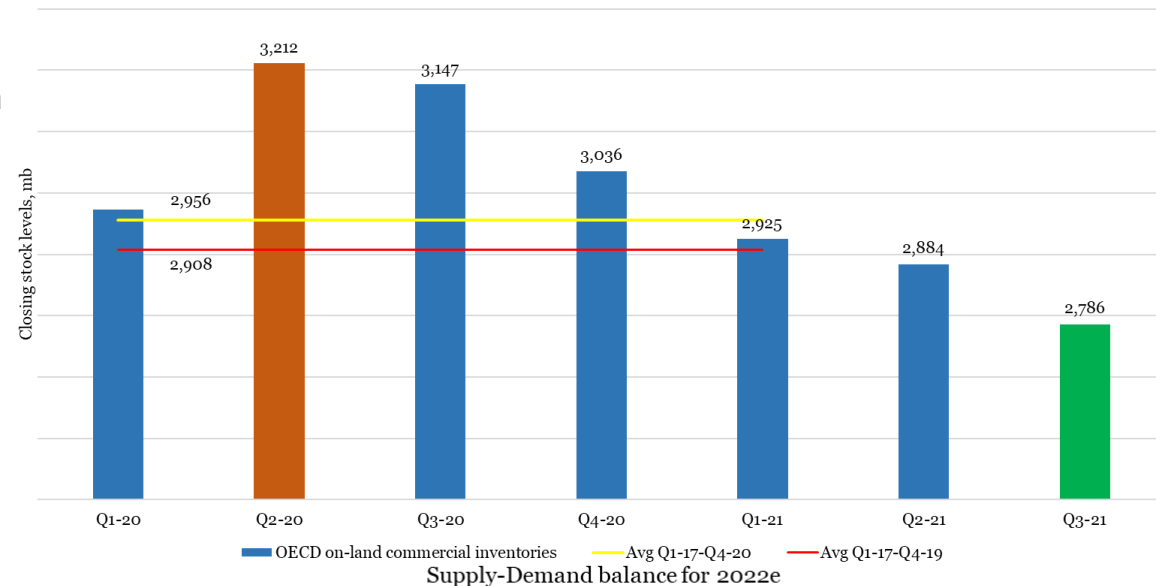
- Taking a helicopter view... despite the unprecedented social distancing measures implemented by governments to prevent the spread of COVID-19, the world has still consumed the same number of barrels in 2020, as in 2013, and 7% more than in 2009 (previous trough)
- 2021 demand shall increase by ca. 6mn bbl/day, followed by 4mn bbl/day in 2022



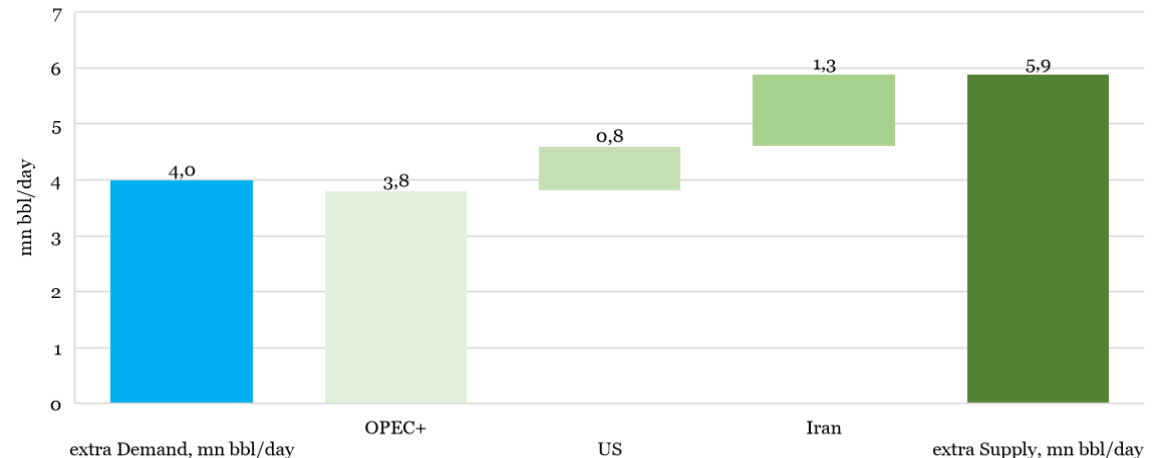
Market looks balanced in 2021, but oversupply risks for 2022 exist

- Strong oil price performance in H2-21 (+16% October to June) supported by the sizable depletion of inventories in the OECD:
 - current level is 122mn bbl below the average in pre-pandemic 2017-19
- More demand could materialize, if the gas-to-oil switch happens in Q4-21/Q1-22
- But some cautiousness is needed for 2022e, with the risks of oversupply arising from:
 - More US production
 - and Iranian oil coming to the market (if nuclear deal gets revived)

Evolution of OECD on-land commercial oil inventories: below historic averages



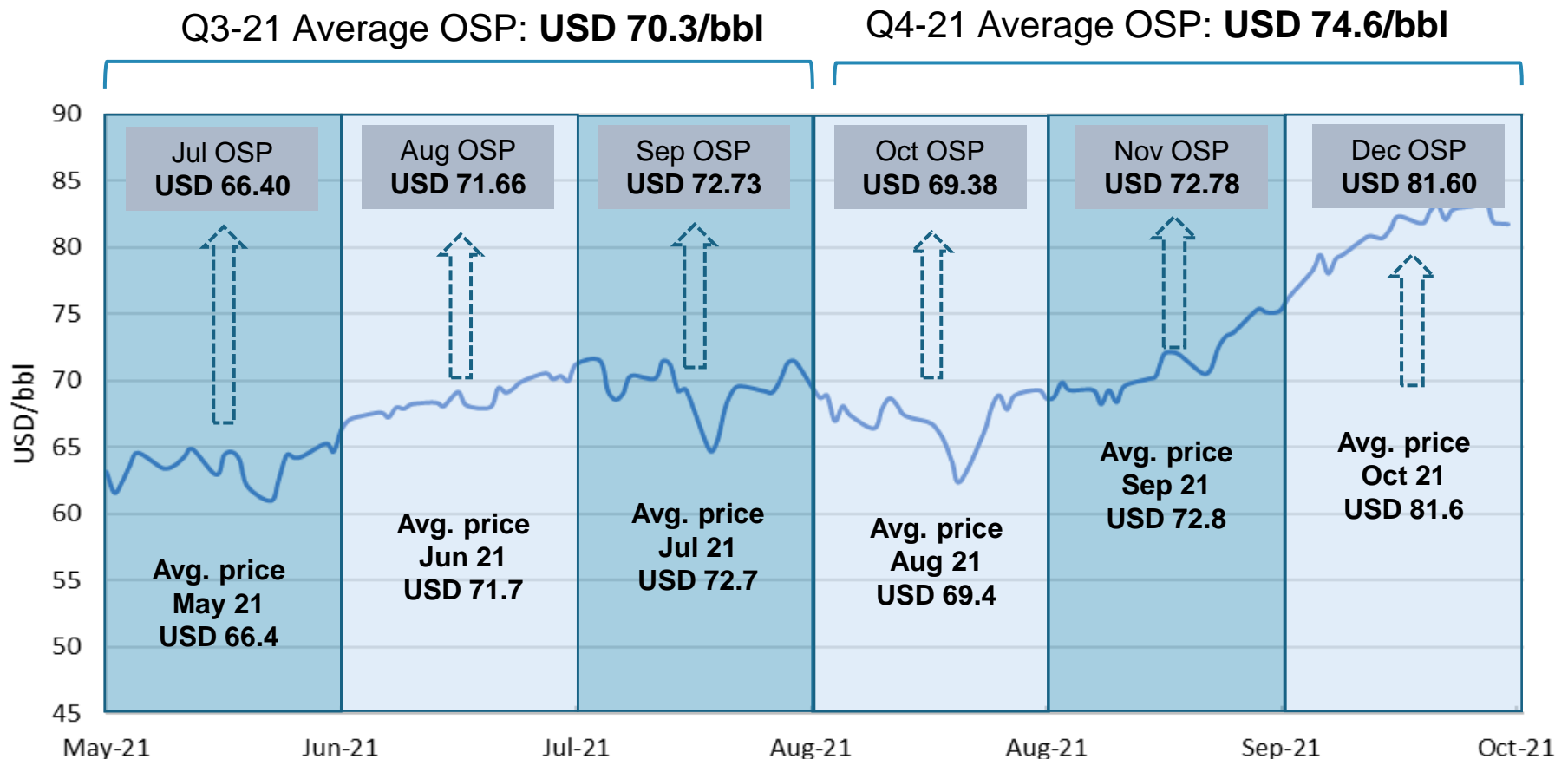
Supply-Demand balance for 2022e



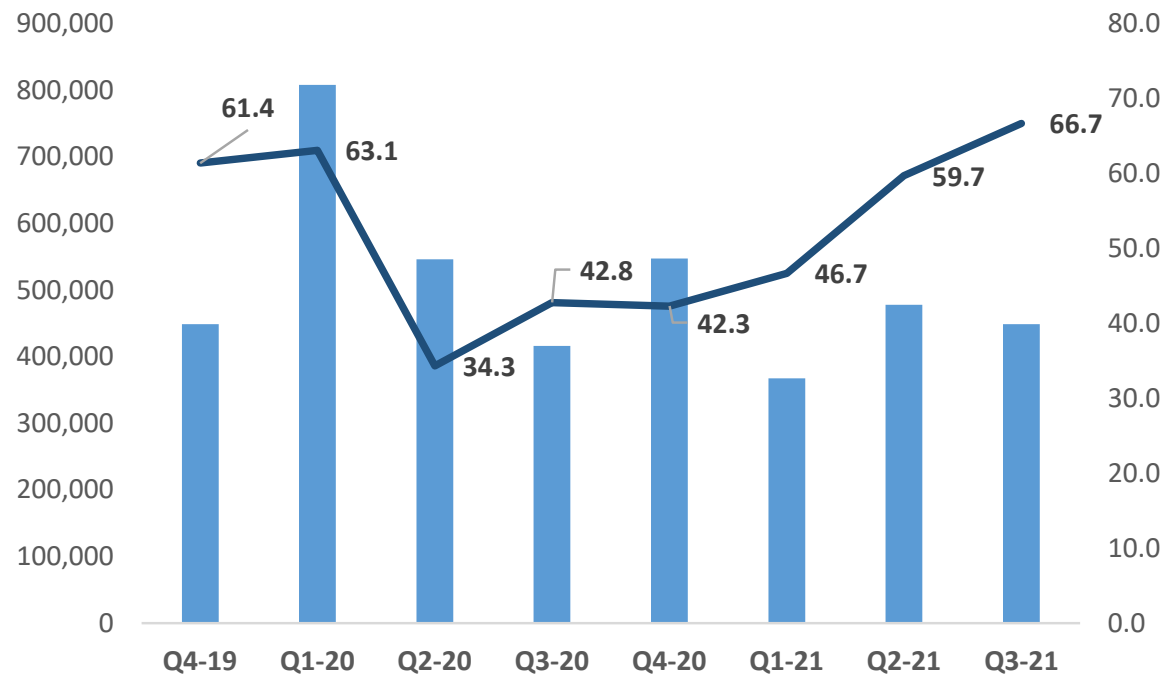
Source: OPEC, EIA, November 2021

Official Selling Price (OSP)

- The Omani Blend Official Selling Price (OSP) based on average price for front month contract as traded at DME – results in a 2 month pricing lag from “spot”
- Current spot price impacts Q1-22 pricing



Oil Sales & Achieved price

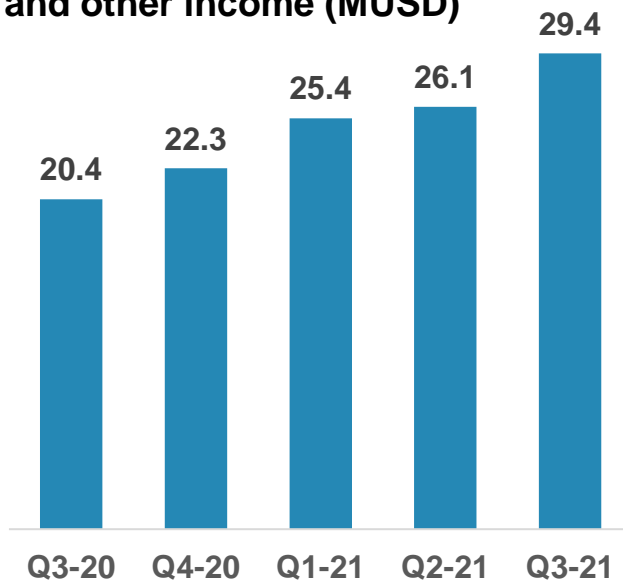


- Tethys Oil lifts (sells) its oil entitlement on a monthly basis
 - Nominated 2-3 months ahead of time
- Due to logistical issues throughout 2021, several liftings have been deferred to the following month
- Q3 21 sales volumes reflect June-August liftings and pricing resulting in a lower achieved price vs OSP

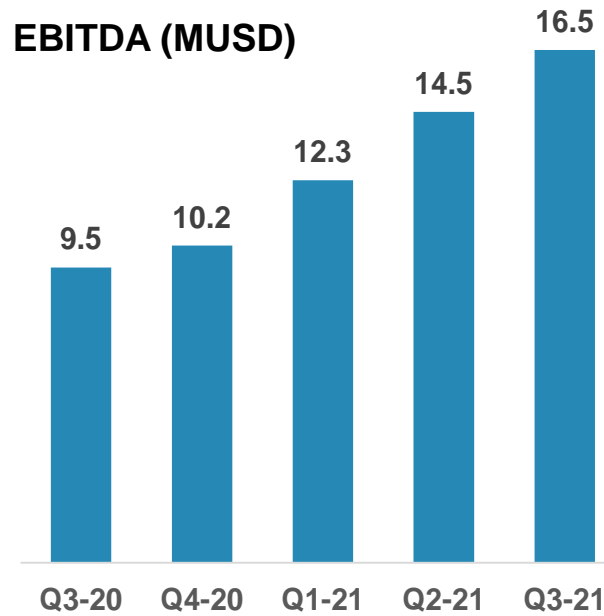
- Q3-21: 448,740 barrels sold (Q2-21 477,708 barrels)

Revenue and EBITDA climb on higher oil prices

Revenue and other income (MUSD)

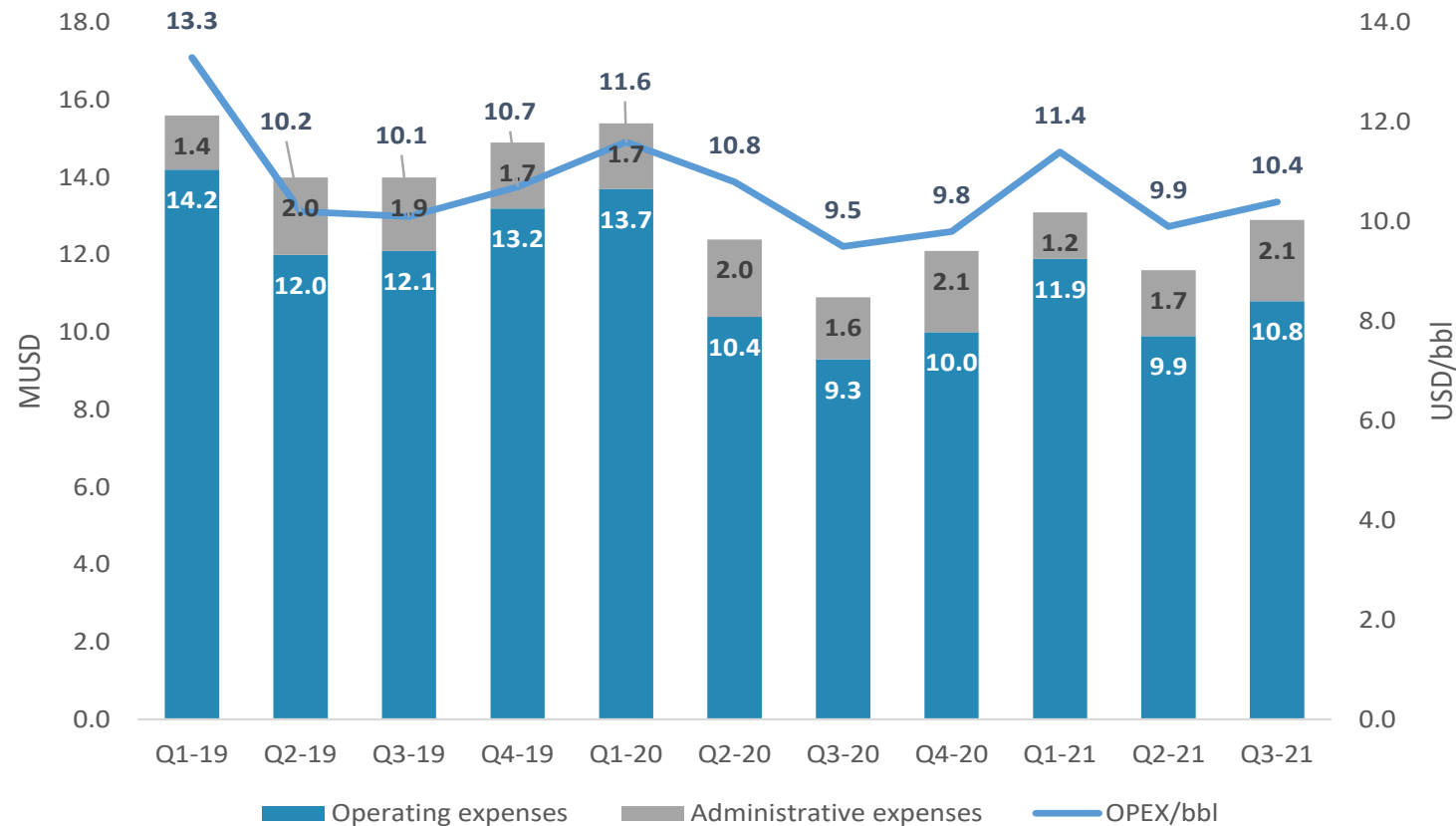


EBITDA (MUSD)



- Q3-21 Revenue and other income amounted to MUSD 29.4, up 13% compared with Q2-21 as a result of higher achieved oil price despite 6% lower sales volumes
- EBITDA of MUSD 16.5 up 14% vs Q2-21

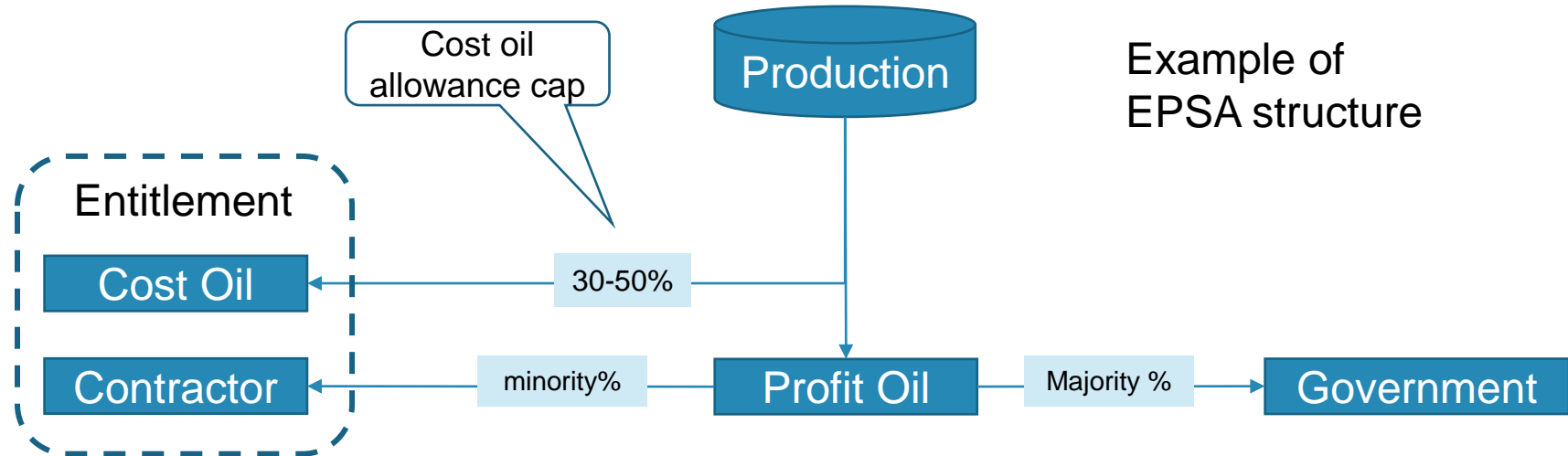
Maintaining opex levels



- Opex in Q3-21 amounted to MUSD 10,8 up 9% compared to MUSD 9.9 in Q2-21.
 - An increase in expenses related to well workovers and interventions as well costs resulting from higher production.
- Admin costs in Q3-21 were higher compared to Q2-21

Net entitlement – Tethys share of production

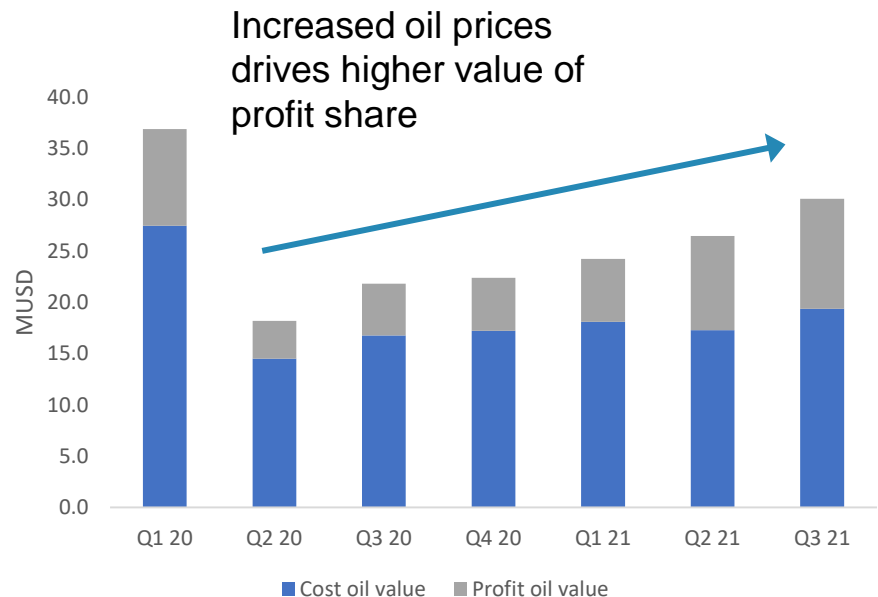
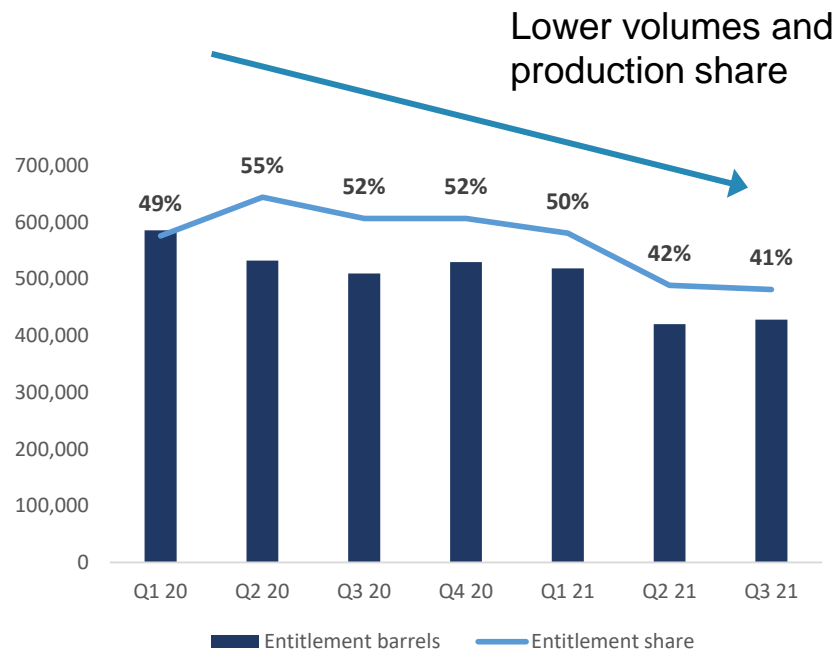
- Under the Blocks 3&4 EPSA Tethys Oil is entitled to a share of the production, it has 2 components:
 - **Cost oil** – the value of operating costs incurred (paid in oil at market price)
 - **Profit oil** – Tethys Oils fixed share of the production that remains after cost oil



- The majority of entitlement is made up of cost oil (0% margin)
- Cost oil usually capped at 30-50% of production; unrecovered cost is carried forward in a “cost pool”
- Value creation lies in the maximising of profit share

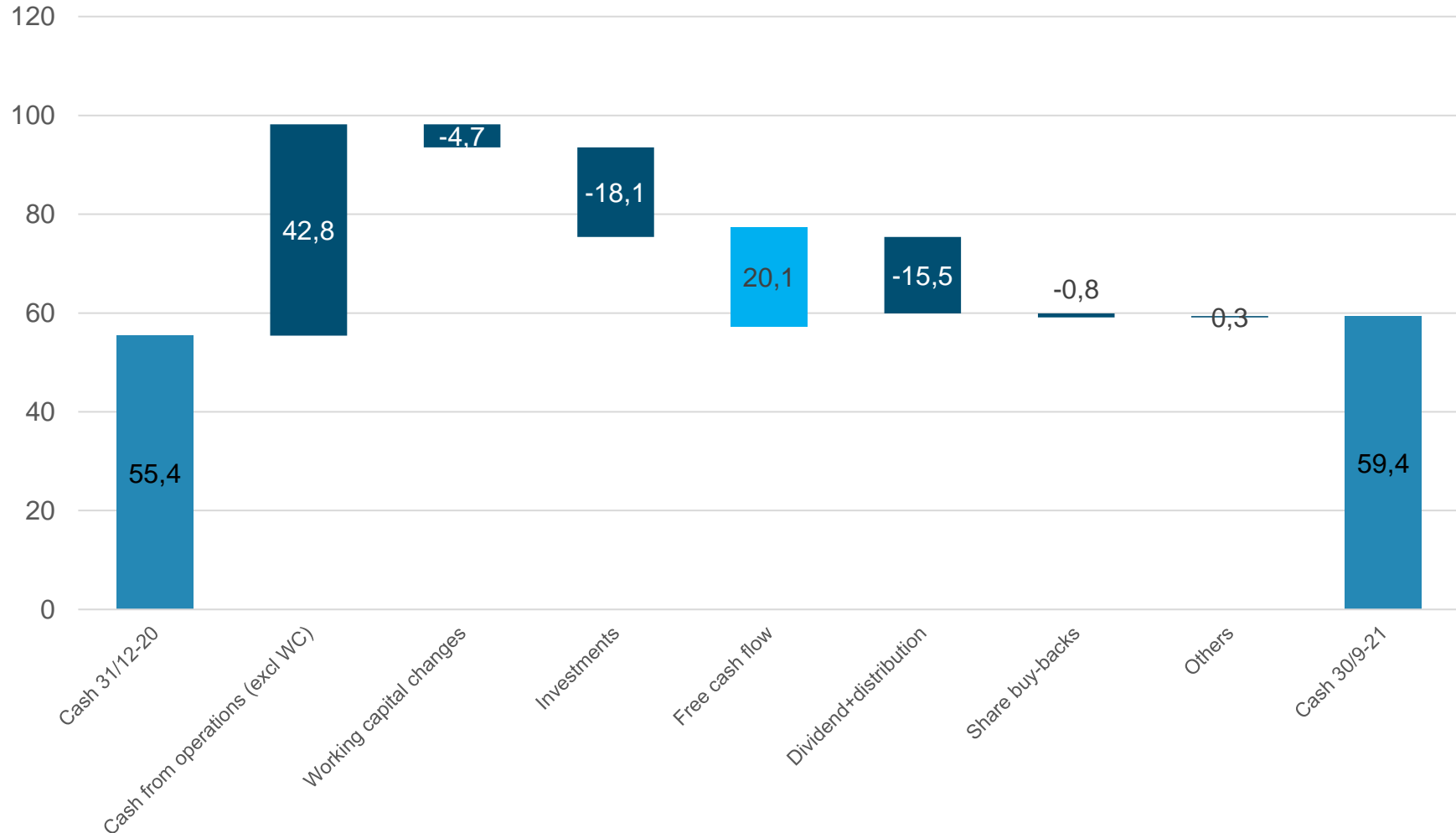
Lower volume but higher value entitlement

- Having depleted the cost pool (Q4-19 and again Q1-21), cost oil reflects currently reflects cost incurred in any given period
- At unchanged cost and higher oil prices fewer barrels are required to recover incurred cost (reducing total entitlement volume)
- This leaves a higher proportion of barrels for the profit share - from a potentially lower volume

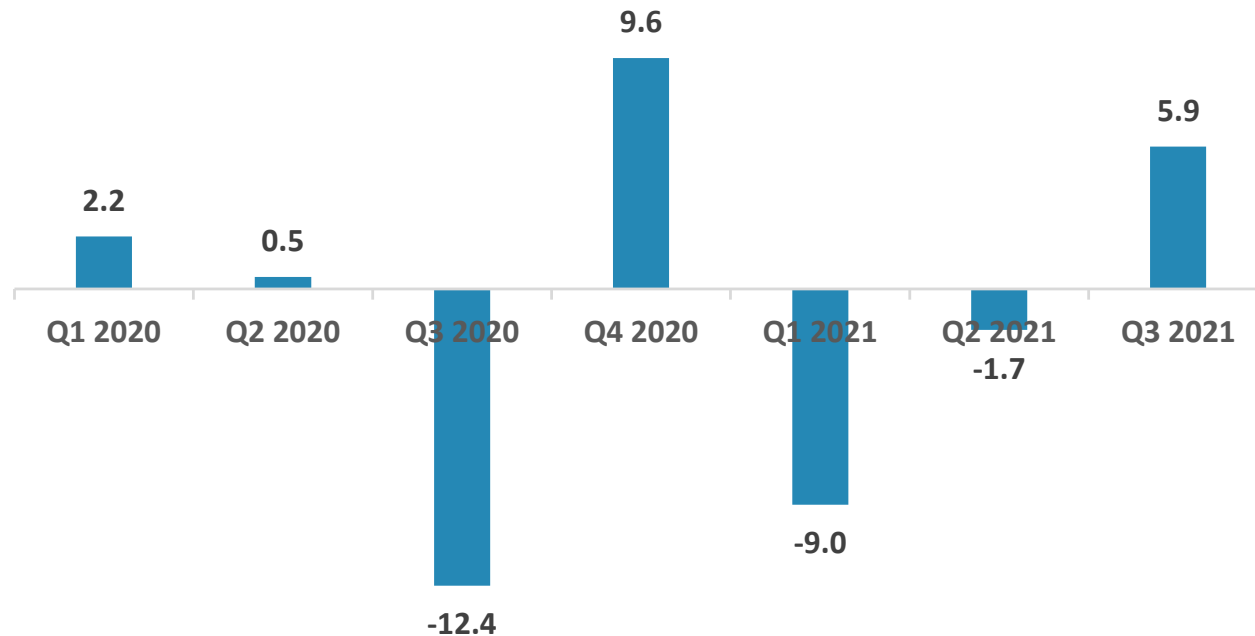


Net cash higher than start of the year

MUSD

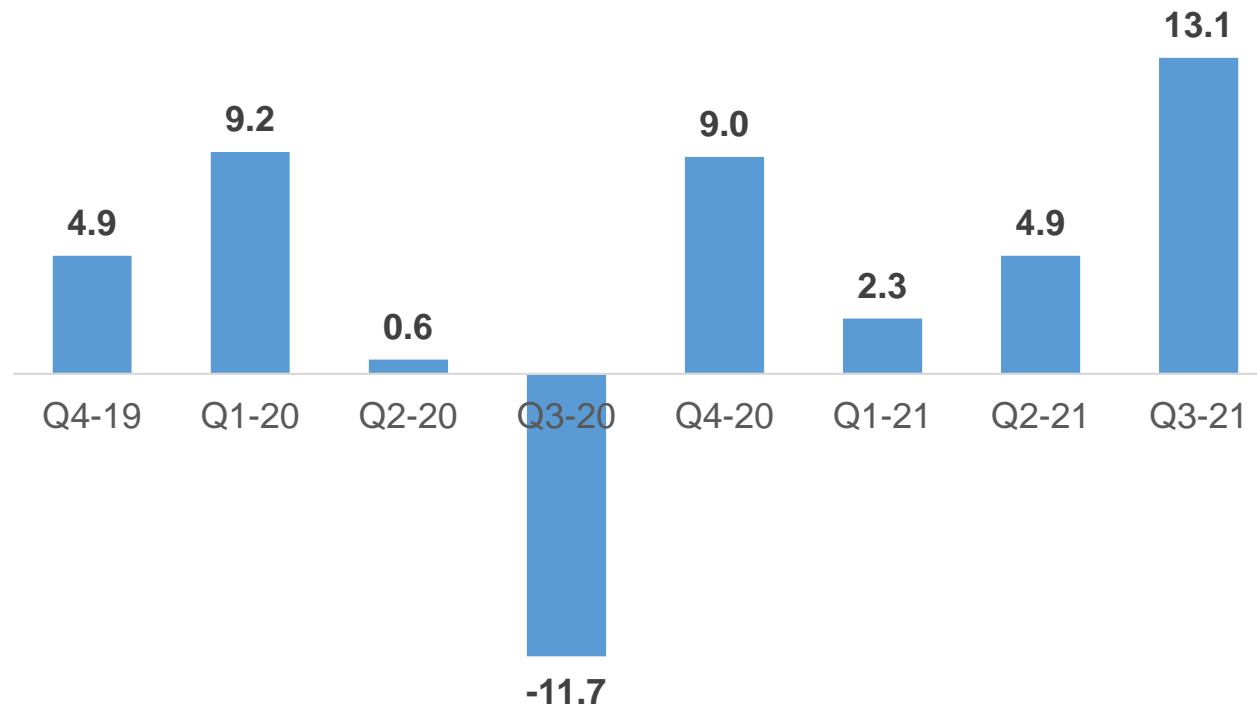


Working capital



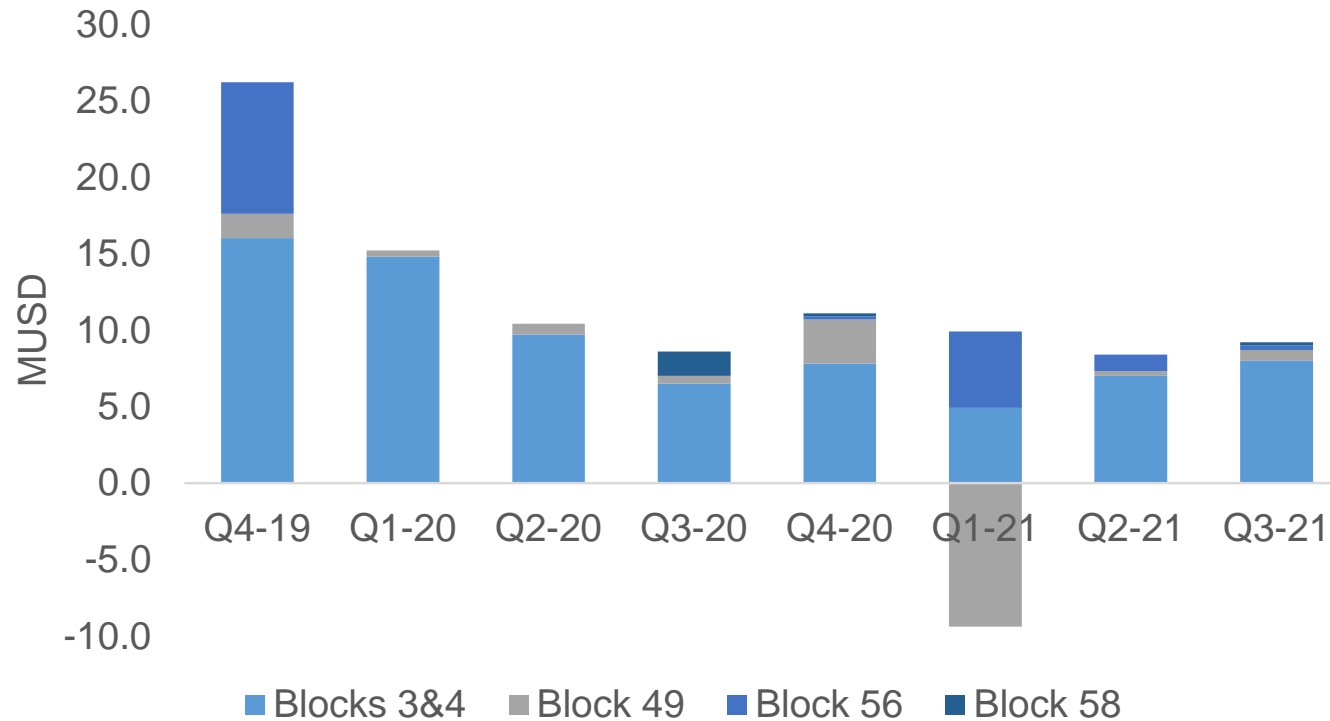
- Positive WC change in Q3 as a result of EOG farmout payment offsetting effects of deferred lifting

Free cash flow



- Free cash flow in Q3-21 of MUSD 13.1, up 163% from MUSD 4.9 in Q2-21

Investments in Oil and Gas assets



- Slight capex increase in Q3-21 to MUSD 9.2 (MUSD 8.4 in Q2-21)
- FY Capex outlook of MUSD 47 (before effects of farmout) maintained

Debt-free Balance Sheet

<i>(MUSD)</i>	2021-09-30	2021-06-30	2020-12-31
<i>Assets</i>			
Oil and gas properties	202.2	203.5	215.3
Other assets	13.5	16.3	9.6
Cash and cash equivalents	59.4	46.2	55.4
Total assets	275.1	279.6	280.3
<i>Liabilities</i>			
Shareholders' equity	253.0	247.2	257.7
Total liabilities	22.1	18.8	22.6
Total shareholders' equity and liabilities	275.1	266.0	280.3

- Solid debt free balance sheet
- Cash and cash equivalents of MUSD 59.4, after MUSD 15.5 distribution to shareholders during Q2-21

- Tethys has a strong presence in the Sultanate of Oman
- Capitalising on over 10 years of exploration and production experience
- Combined licence area amounts to 54,934 km², corresponding to 18% of Oman's total areal extent
- Several majors and national oil companies active in Oman, incl: Shell, BP, ENI, EOG, OXY, Total, PTPP



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

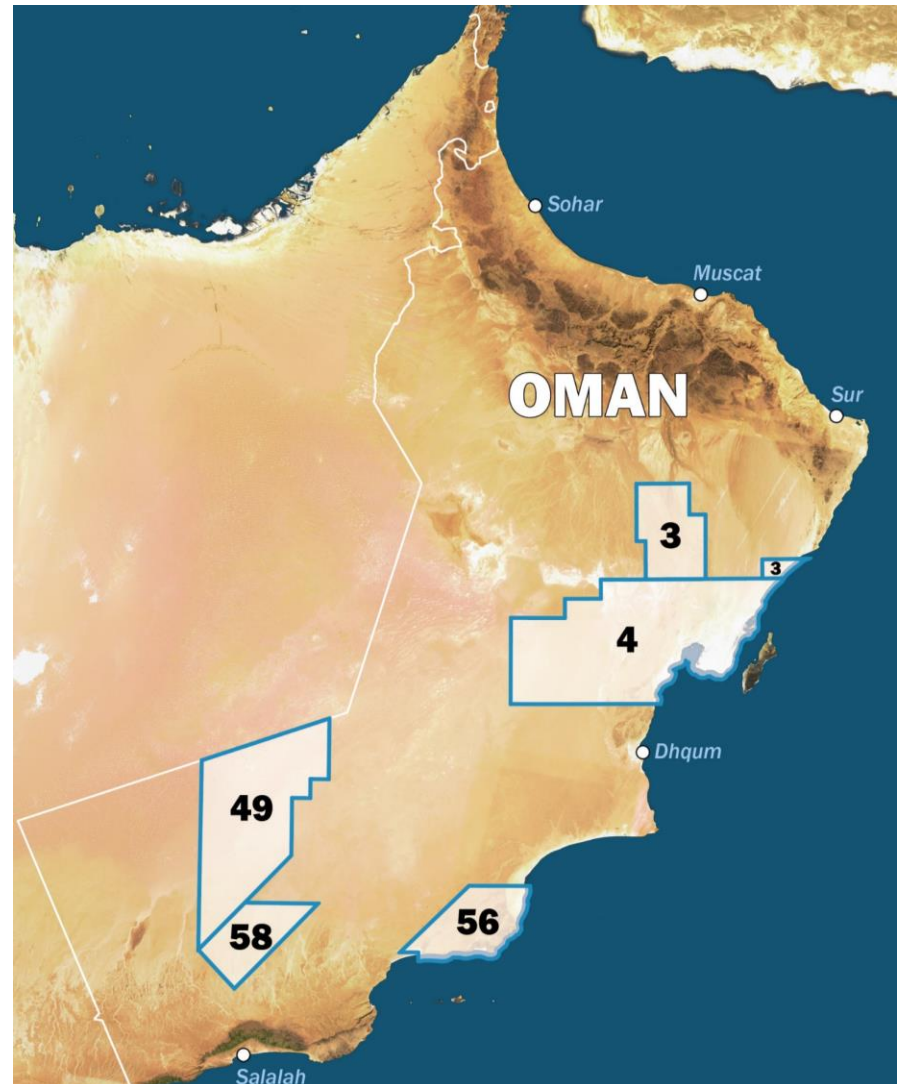
- Tethys Oil 50% (Operator), EOG 50%
- Signed in Q4-17
- EPSA: initial exploration period of 3 + 3 years
- Total area: 15,439 km²

Block 56

- Tethys Oil 65% (Operator), Medco 5%, Biyaq 25% and Intaj 5%
- Signed in Q4-19
- EPSA: second exploration period until Dec 2023
- 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

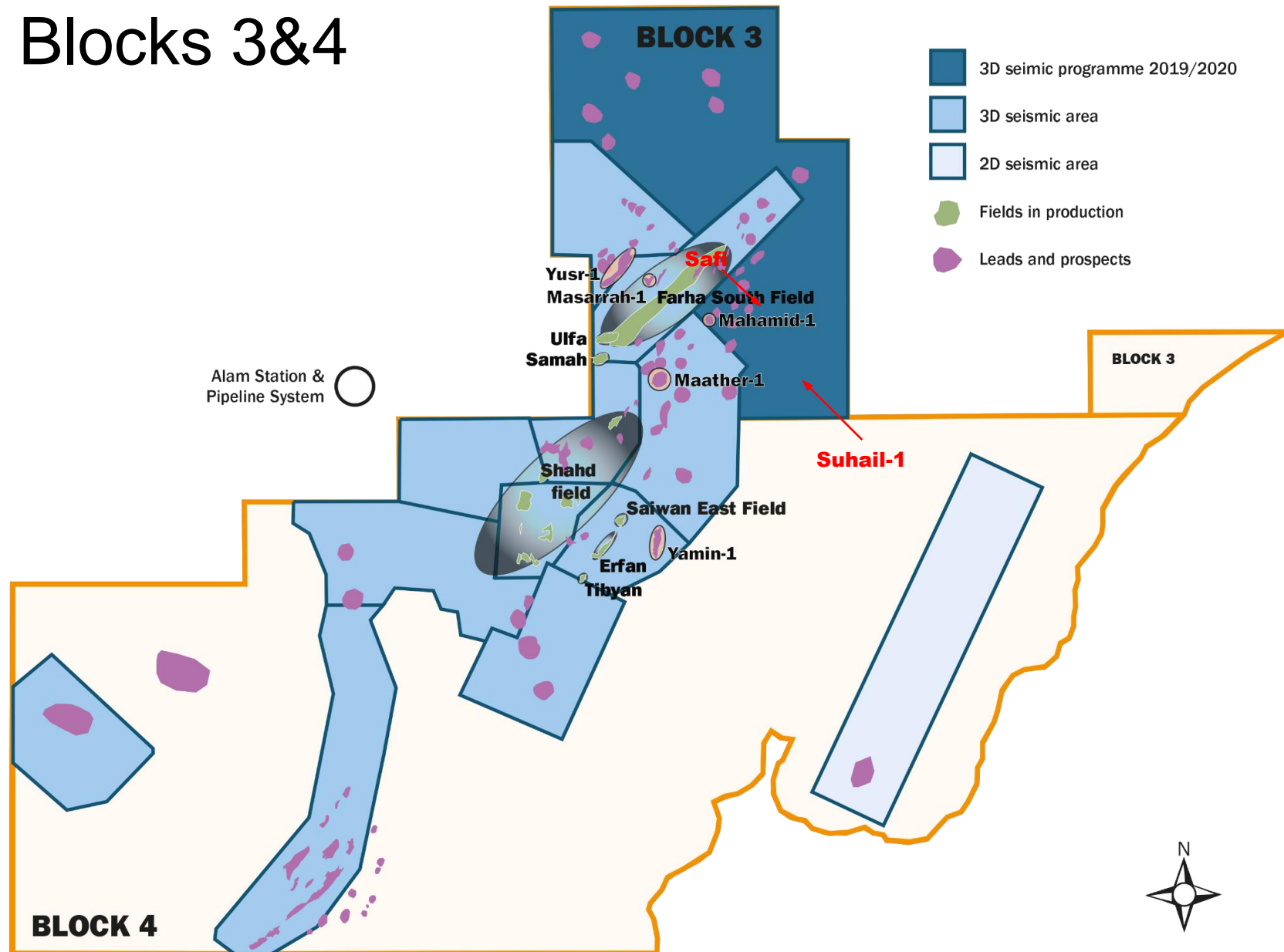


Blocks 3&4

- Production well delay will slip into 2022
- Workover back log to be diminished
- 3 drilling rigs and 1 workover rig operational in Q3 after all rigs been reactivated
- **Work program 2021:**
Continued development drilling, upgrading infrastructure with focus on asset integrity and debottlenecking, continue gas utilization project and the drilling of exploration wells.



Blocks 3&4

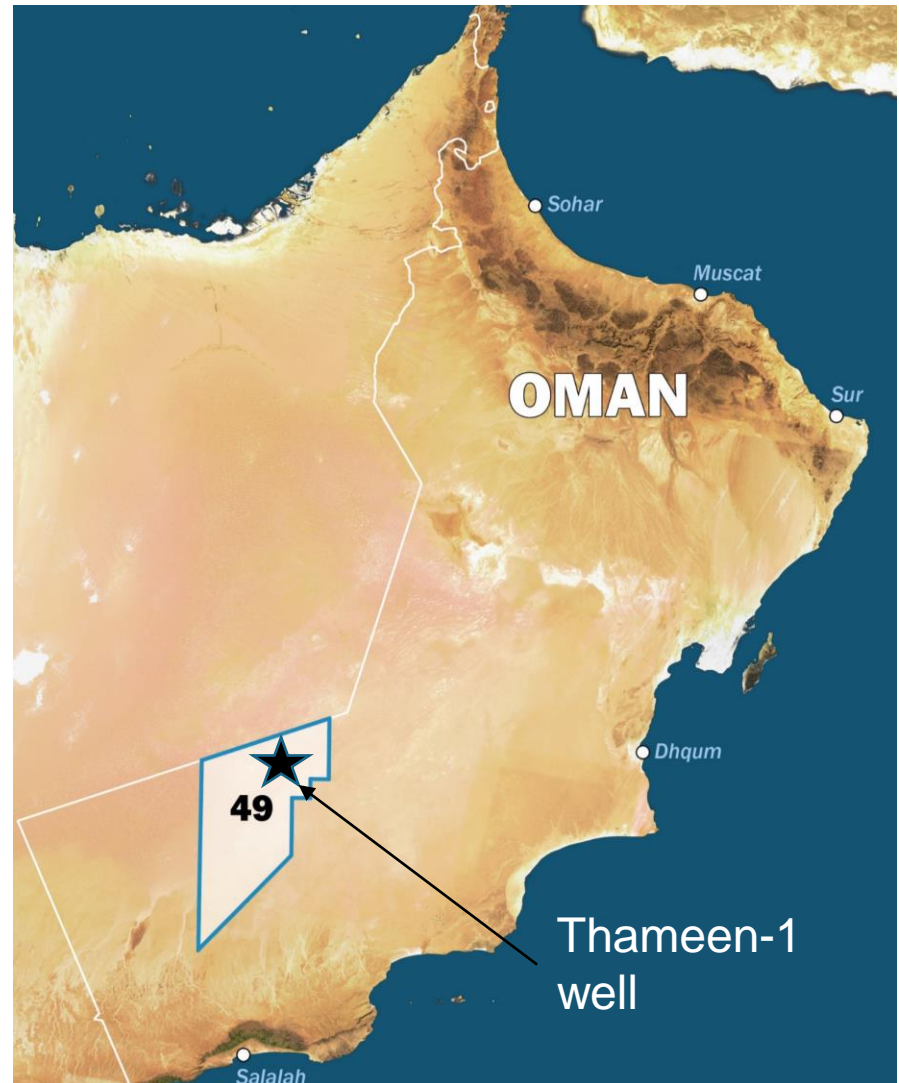


Block 49

Thameen-1

Discussions are ongoing with the partner EOG Resources Inc. (“EOG”), and with the Omani government.

- Thameen-1 well spudded on 31 Dec 2020
- Logs indicated a gross hydrocarbon column of 40m, but no flows to surface
- Extensive analysis confirms good porosity but low permeability
- Stimulation will most probably be needed in order to try and flow the well
- Focus in Q3-21: discussions with partners/stakeholders on how to best pursue the unconventional potential of the Block
- Partner group applied for an extension of the first exploration phase of the Block

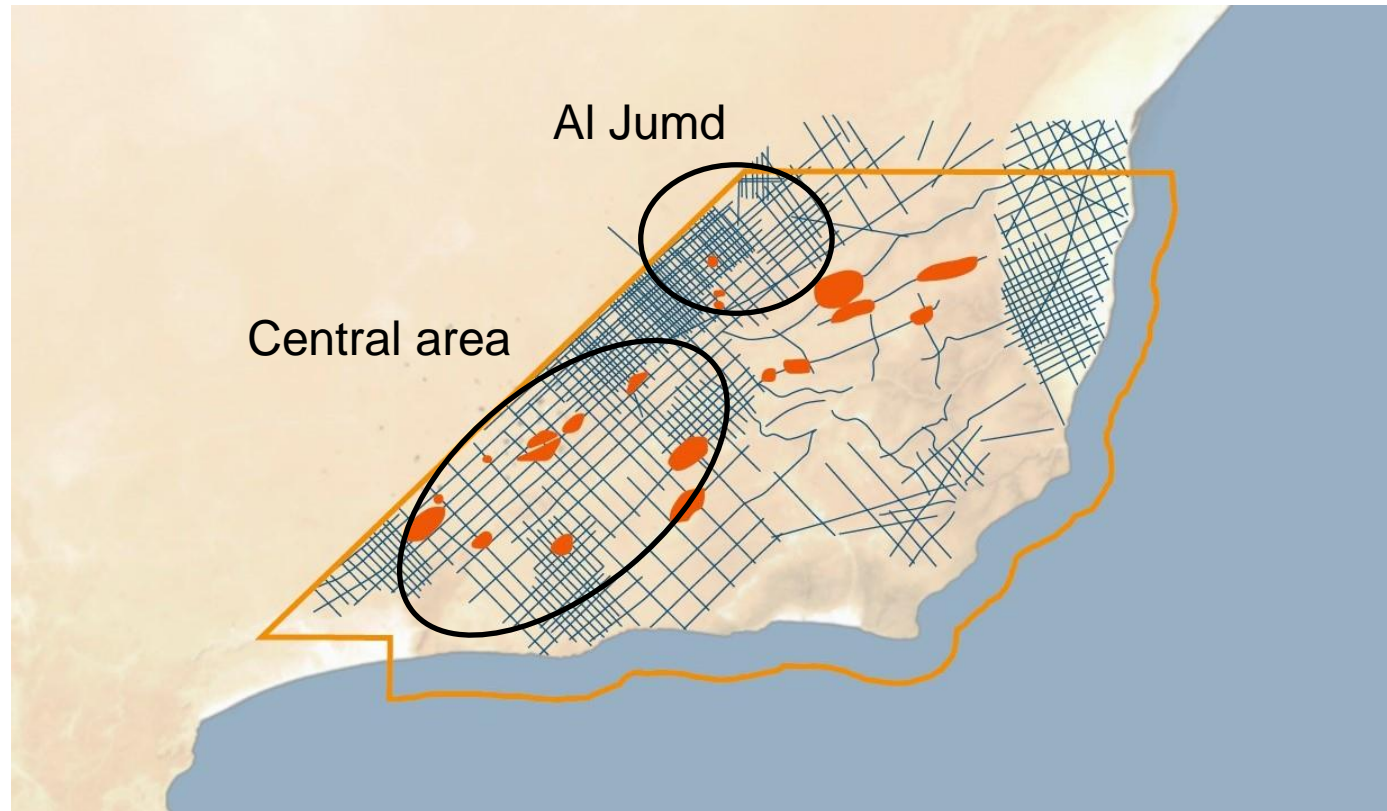


Block 56

- Preparations for drilling of 3 wells to further appraise the Al Jumud area
 - Expected spud by end of Q4 21
- Three well program targets total prospective resource of 7mmbo, gross
 - Al Jumud-2 well to target a horizontal section of at least 200 meters in the Al Khalata sandstone layer at depth of 1,000 meters.
 - Sarha-3 well appraisal/exploration well in the Sarha discovery. Sarha flowed ~100 bopd from the Al Khalata layer in 2007
 - Sahab-1 will test an adjacent previously undrilled structure
- The Al Jumud trend holds more than 10 leads and prospects
- Planning and tendering of a 3D seismic survey in the central area of the Block
 - Final negotiation with a seismic contractor is ongoing



Block 56 – Two areas of operation



- Drilling campaign of up to three wells to further evaluate the Al Jumd area to be launched in Q4-21
- Planning and tendering of a 3D seismic survey in the central area of the Block

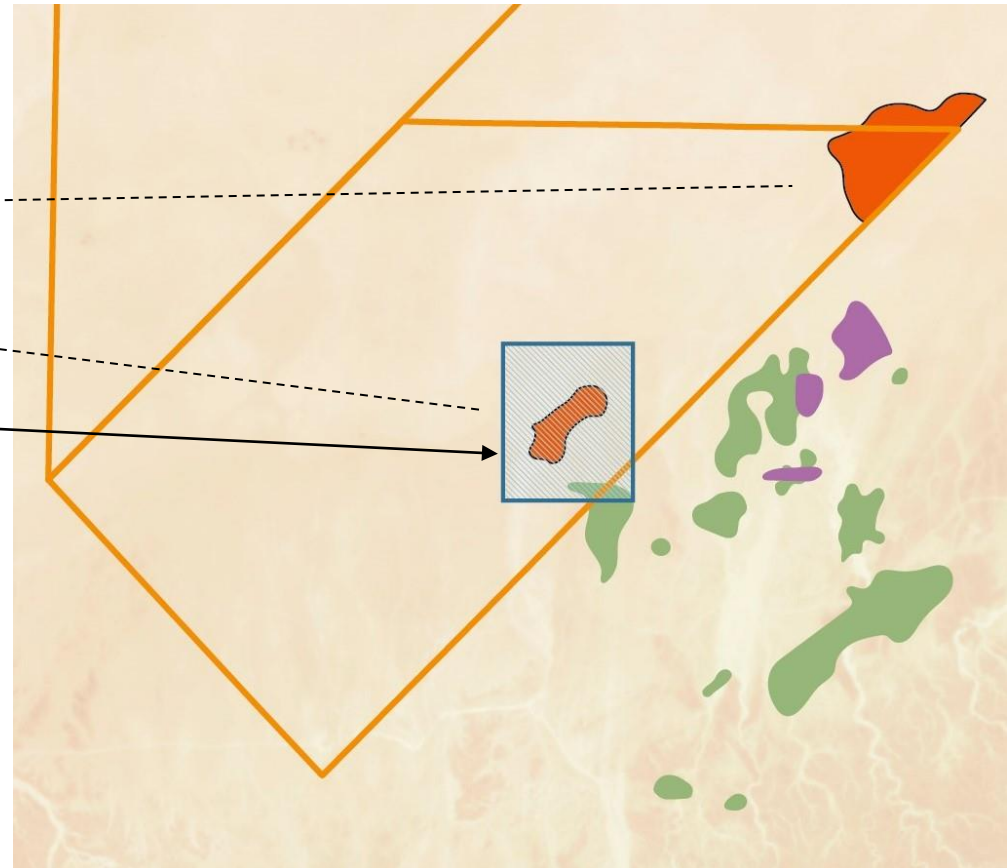
Block 58

- Tethys operator with 100% license interest
- The procurement process for a new seismic survey on Block 58 is ongoing
 - final negotiation with a seismic contractor
 - seismic acquisition is planned to be launched in the second half of 2021
- 3D image quality enhancement planned to be performed on legacy 3D seismic



Block 58 identified leads

- Based on current work, Tethys Oil has identified multiple leads in the block
- Two leads stand out
 - Tethys Lead 1 – targeting Buah, Birba and Khufai
 - Tethys Lead 2 – targeting Ara stringers
- Planning of new seismic acquisition, to be launch later 2021
- **Work program 2021:**
3D image quality enhancement and conducting a new 3D seismic acquisition



Summary and Outlook

- Strongest quarter financially since start of pandemic
- Free cash flow of MUSD 13.1 Q3-21
- Achieved oil price USD 66.7 per barrel - yet to see effects of current price levels
- Al Jumd drilling on Block 56 expected to start by end of fourth quarter
 - Three well campaign targets a combined gross prospective resource of 7mmbo and by extension to appraise commercial viability of the multi-structure Al-Jumd trend
- Tethys Oil expects full year average production of approximately 11,100 bopd
 - Previously it was believed that production in second half 2021 would exceed first half production level of 11,306 bopd – increased need for workovers and maintenance has resulted in lower than anticipated production in the third quarter which is expected to persist in the fourth quarter

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Will be published 8 February 2022

