



Tethys Oil

Q4 2018
12 February 2019



Q4-18 Highlights

(MUSD)	Q4-18	Q3-18	Q4-17	FY-18
Revenue and other income	44.4	42.3	30.1	157.3
EBITDA	30.8	30.1	19.7	106.6
Operating result	19.1	18.5	9.9	60.7

- Production from Blocks 3&4 amounted to 11,898 bopd (Q3-18: 11,857 bopd)
- Average selling price per barrel of USD 77.9, up 5% compared with Q3-18
- Net cash of MUSD 73.1, up 15% from MUSD 63.7 in Q3-18
- Three successful appraisal wells drilled on the 2017 discoveries
- Seismic acquisition programme on Block 49 completed, 253km² 3D seismic and 299 km 2D seismic acquired
- 2P internal reserve replacement ratio of 177 percent
- Year-end 2018 2P Reserves of 25.4 mmbo and 2C Contingent Resources of 12.5 mmbo
- The board of directors proposes a distribution to shareholders of SEK 2.00+6.00 per share

Tethys Oil's main assets

	Country	Licence	Area, km2	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2018 (mmbo)		Production, net, Q4 2018 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	25.4	12.5	11,898
	Lithuania	Gargzdai	884	25%	Odin Energi, Lotos Geonafra	-	-	84
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)	2019	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 each in May and November 2019
- The board of directors proposes an extraordinary distribution of SEK 6.00 by way of a mandatory share redemption programme following the 2019 AGM (2018: SEK 4.00)
- Distribution proposal amounts to MUSD ~30
- Tethys Oil has distributed more than MUSD 50 to the shareholders 2015-2018

Reserves and resources at 31 Dec 2018

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

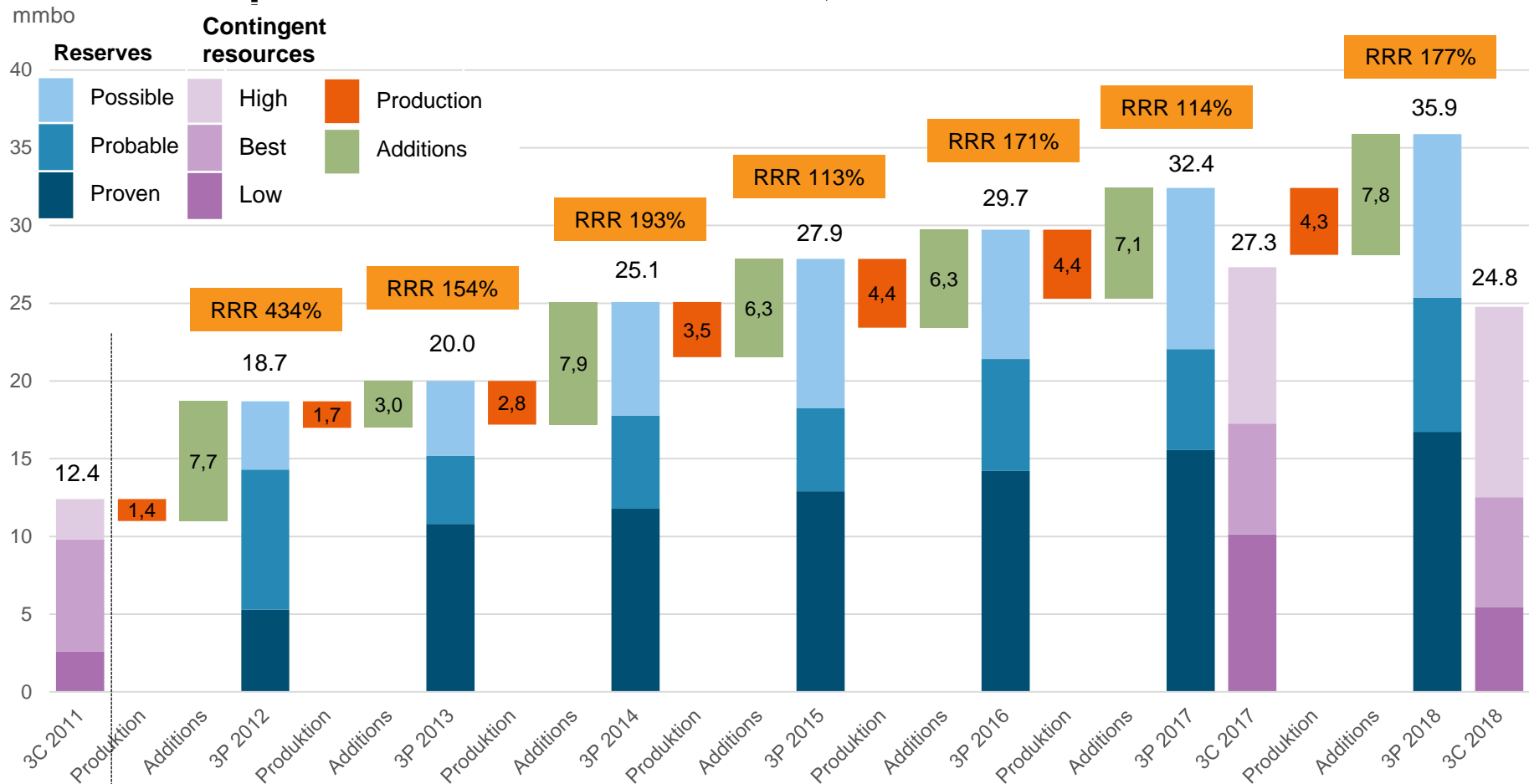
<i>mbo</i>	1P	2P	3P
Total 31 December 2017	15,559	22,044	32,414
Production 2018	-4,295	-4,295	-4,295
Additions and revisions	5,471	7,608	7,765
Total 31 December 2018	16,735	25,357	35,884
Reserve replacement ratio, %	127	177	181

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

Development of reserves, Blocks 3&4

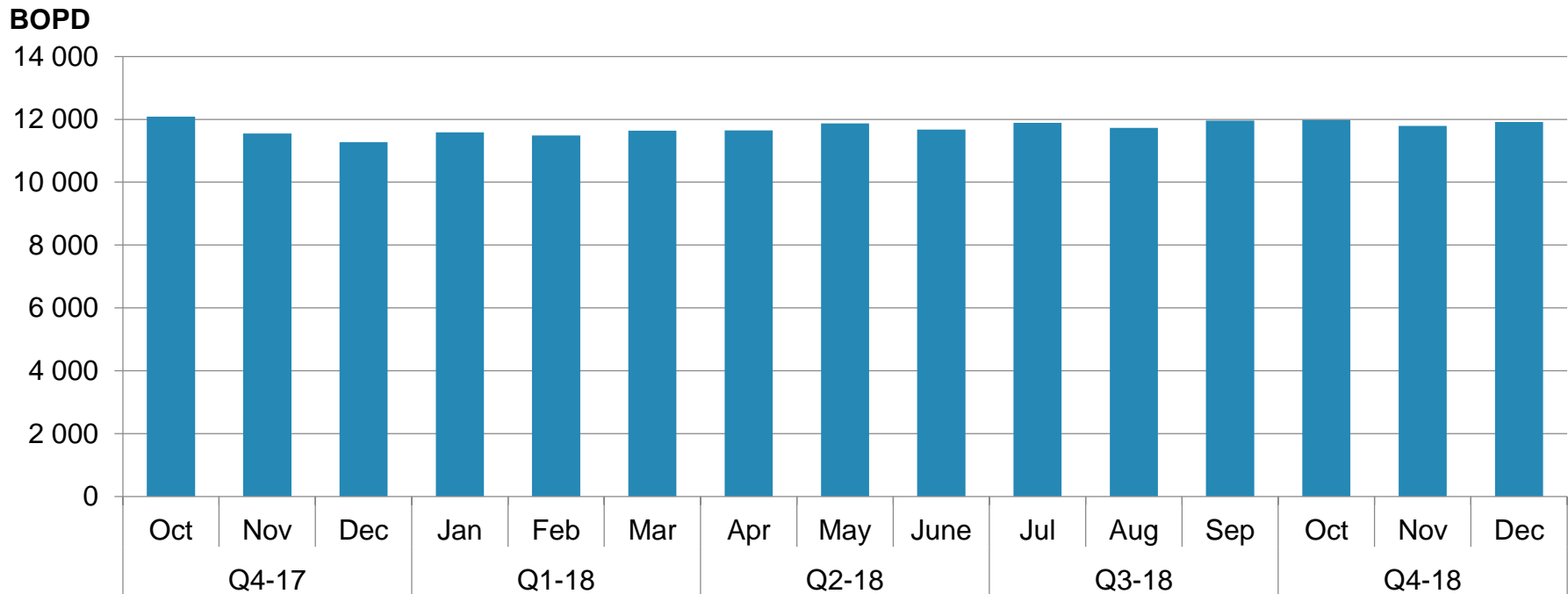


Field Development Plan for Blocks 3 and 4 approved

2P Reserve Replacement Ratio ("RRR")

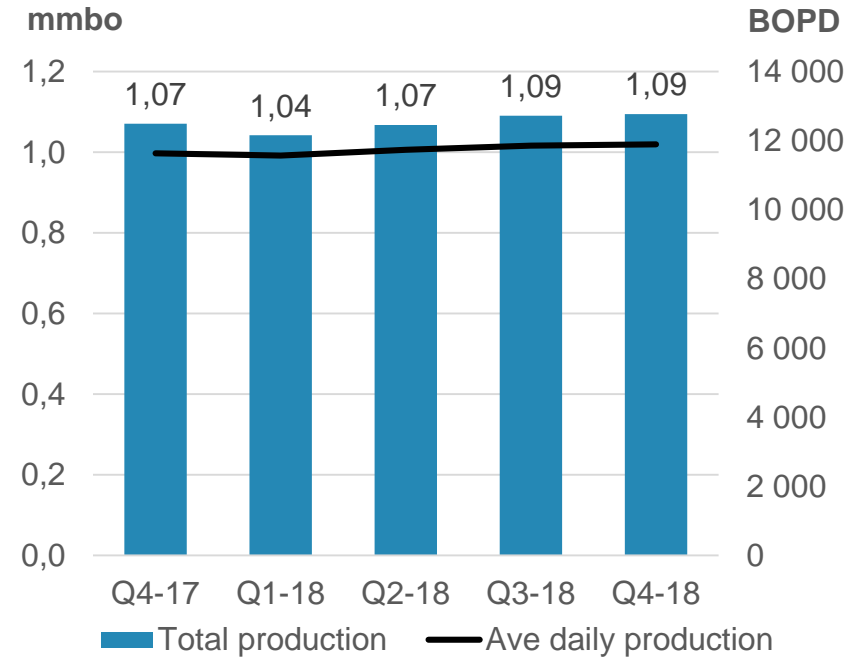
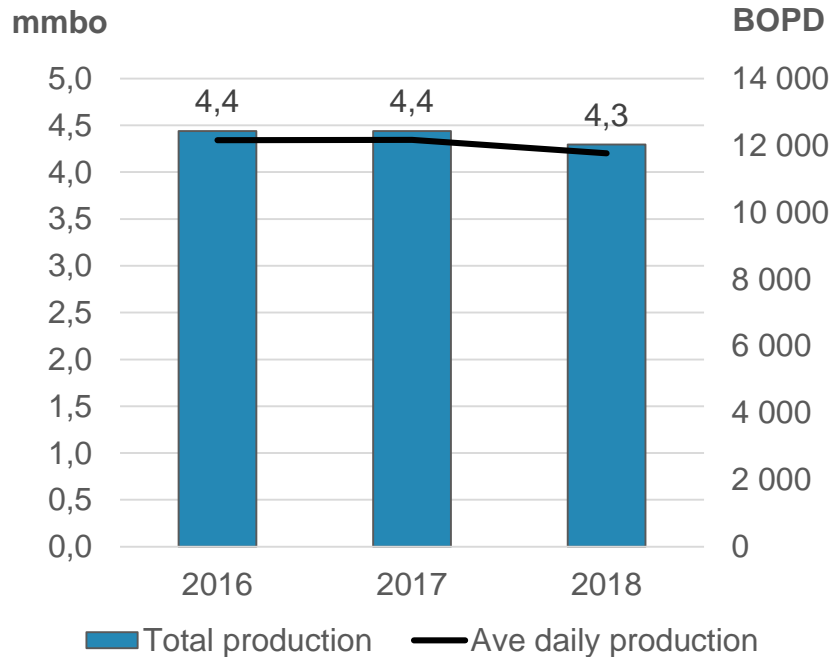
Tethys Oil's accumulated net production, from 2010 until 31 Dec 2018, amounts to 22.9 mmbo

Net production development, Blocks 3&4



- Delays in the development of the discoveries from 2017 has pushed expected production increase into the first quarter of 2019
- The annual average net production from the Company's existing operations on Blocks 3&4 in Oman during 2019 is expected to amount to between 12,000 - 13,000 barrels of oil per day.

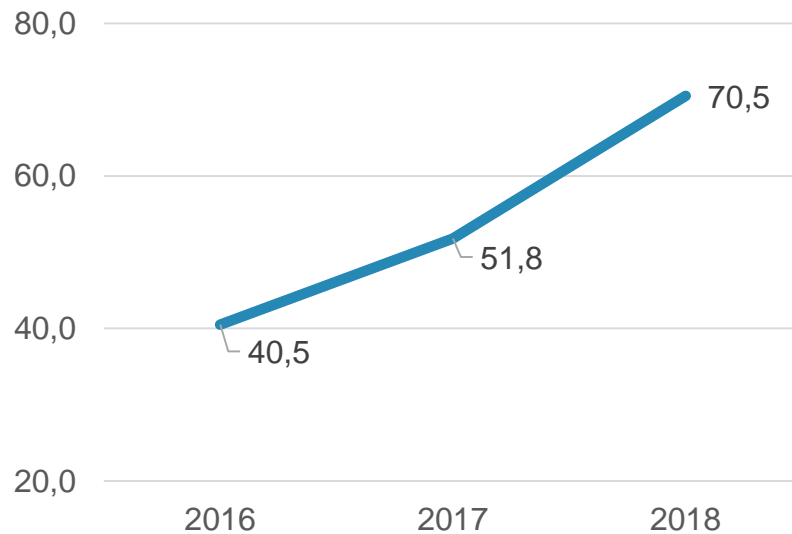
Production, Blocks 3&4



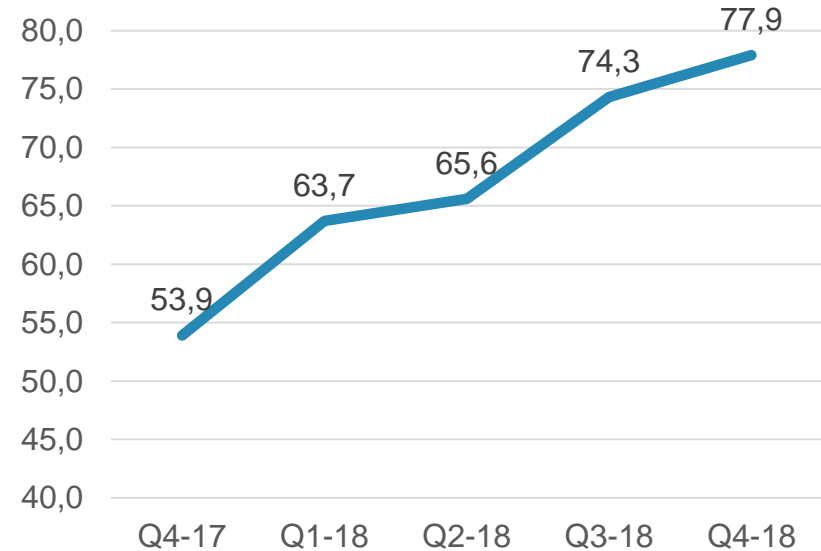
- Average daily production increased slightly in Q4-18 and amounted to 11,898 bopd (Q3-18: 11,857 bopd)

Average achieved selling price per barrel

USD/bbl

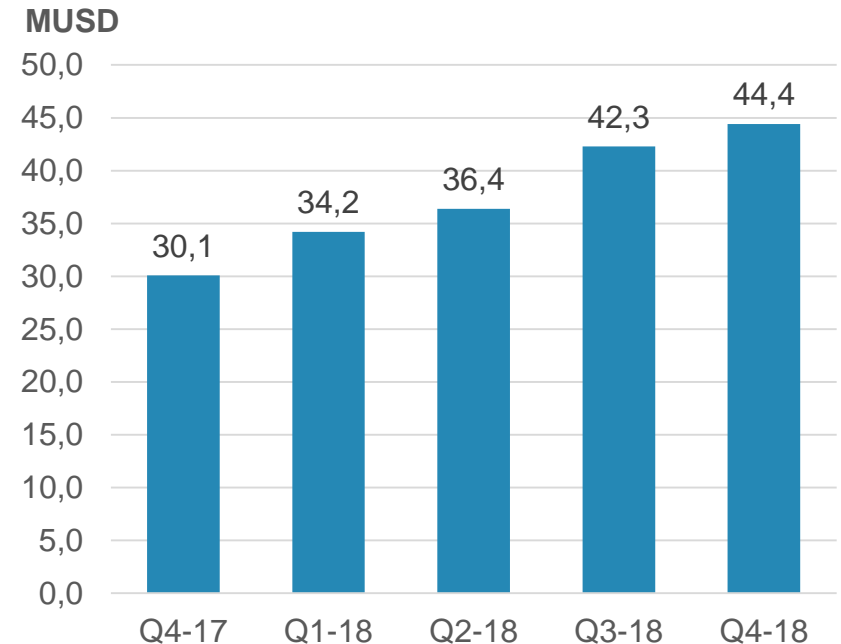
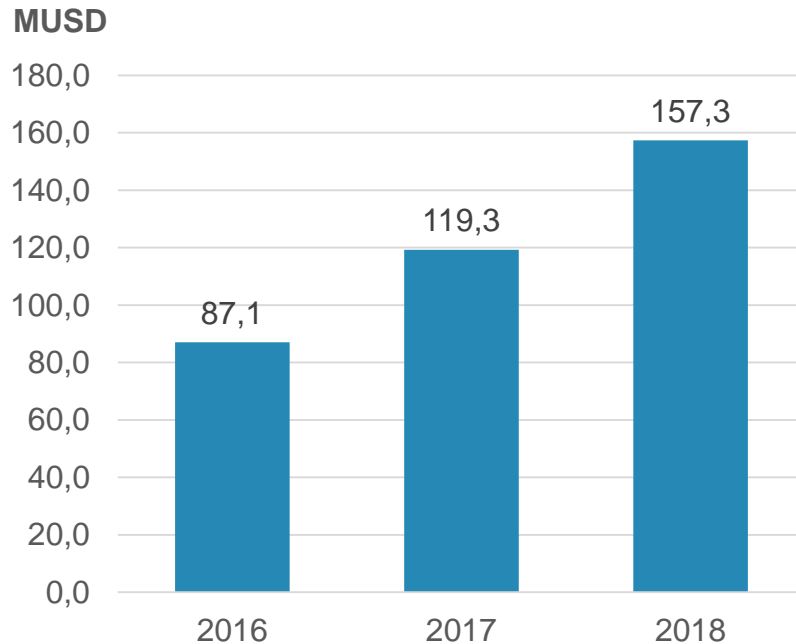


USD/bbl



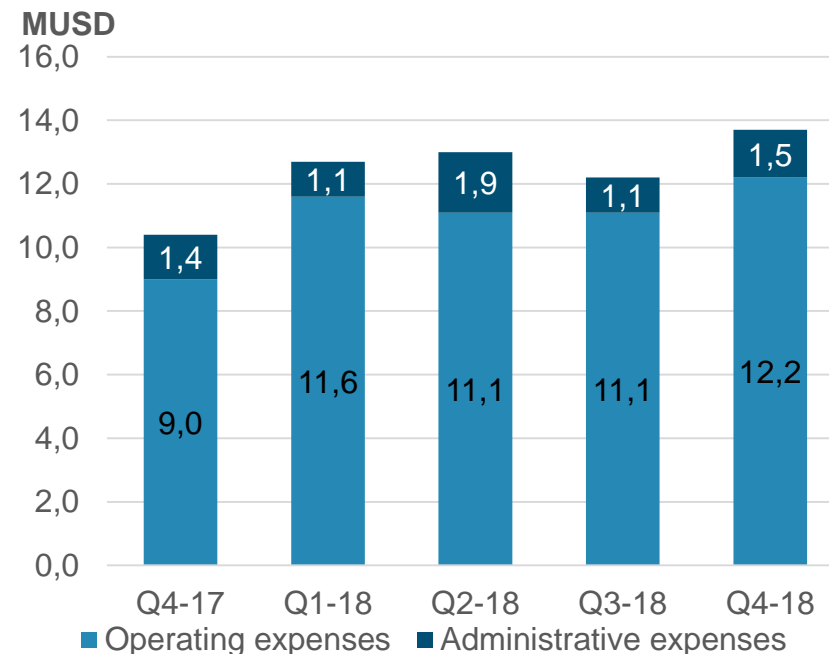
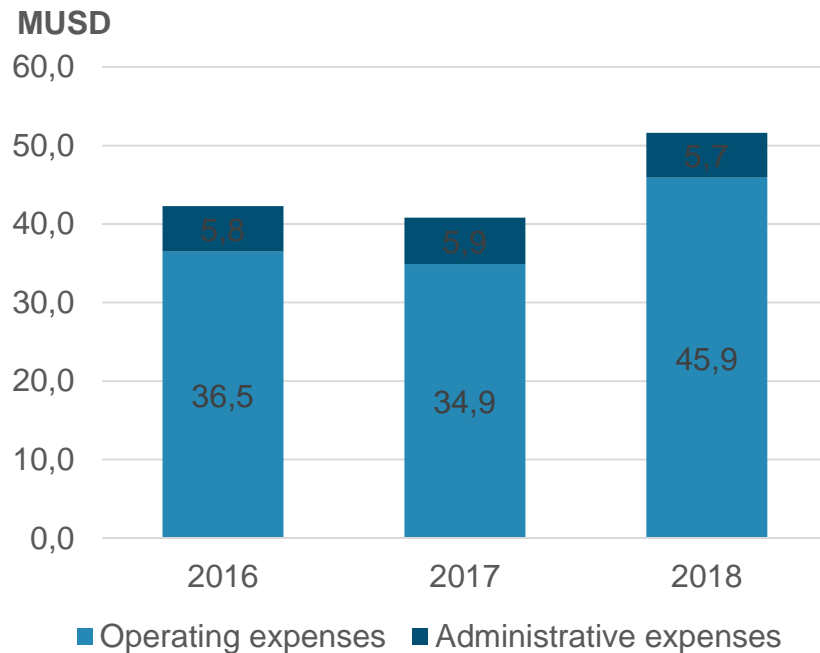
- Continued strengthening of the oil prices - average achieved selling price up 5% to USD 77.9/bbl, (Q3-18:USD 74.3/bbl)
- Selling price – effective two month lag to spot price. Tethys Oil will have lower prices during the first quarter 2019

Revenue and other income



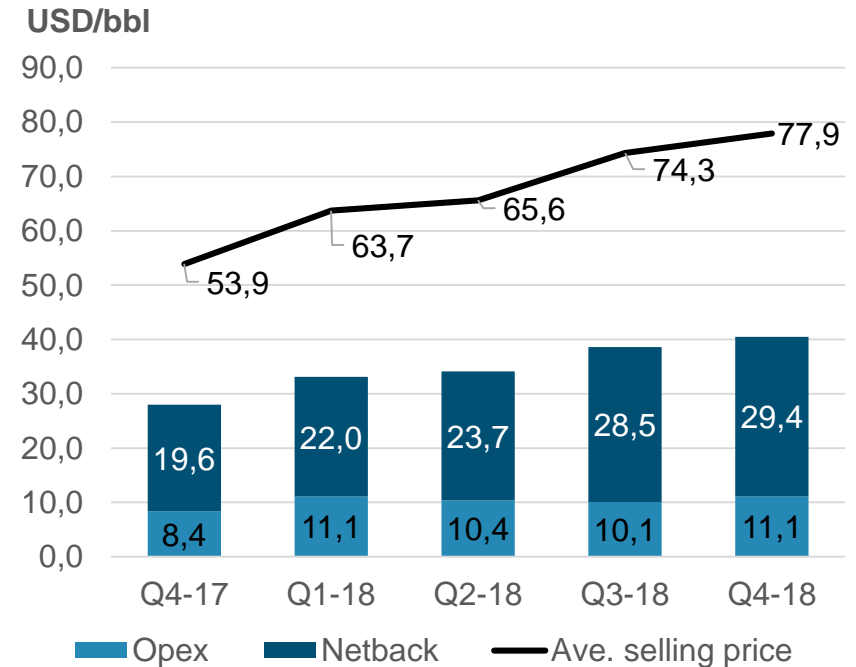
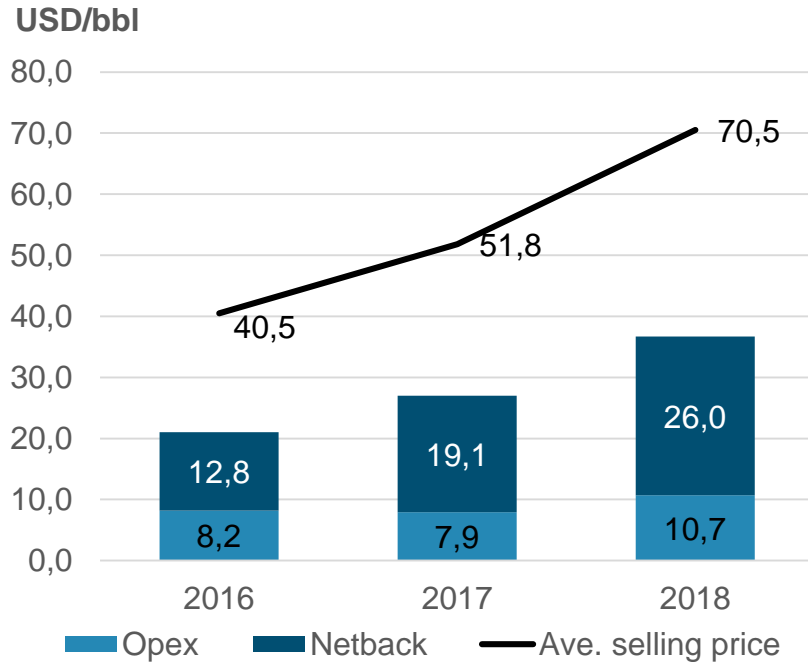
- Q4-18 Revenue and other income amounted to MUSD 44.4, up 5% compared with Q3-18, resulting from the increase in oil prices and production

Expenses



- Operating expenses in Q4-18 of MUSD 12.2 were higher than Q3-18 primarily due to the commissioning of the Ulfa EPF, resulting in increased staffing, equipment rental and energy costs.
- Admin expenses higher than Q3-18 due to projects and increased staff related to being operator on Block 49, as well as moving the office in Muscat.

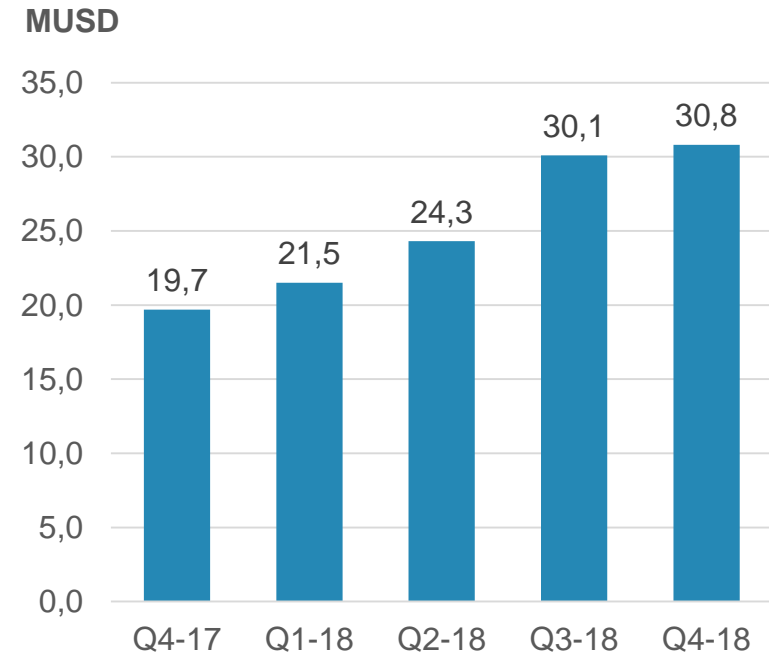
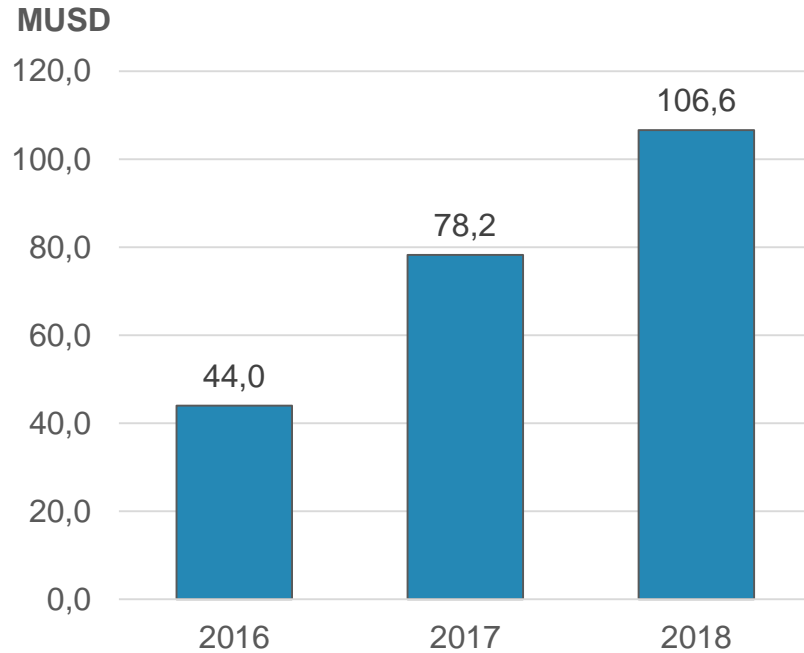
Opex and Netback* per barrel (USD/bbl)



- Netback up 3% in Q4-18 compared with Q4-17 due to higher oil prices and despite higher operating expenses per barrel

* After government take

EBITDA



- EBITDA of MUSD 30.8 in Q4-18, up 2% compared with Q3-18
- EBITDA margin of 69% in Q4-18, compared with 71% in Q3-18

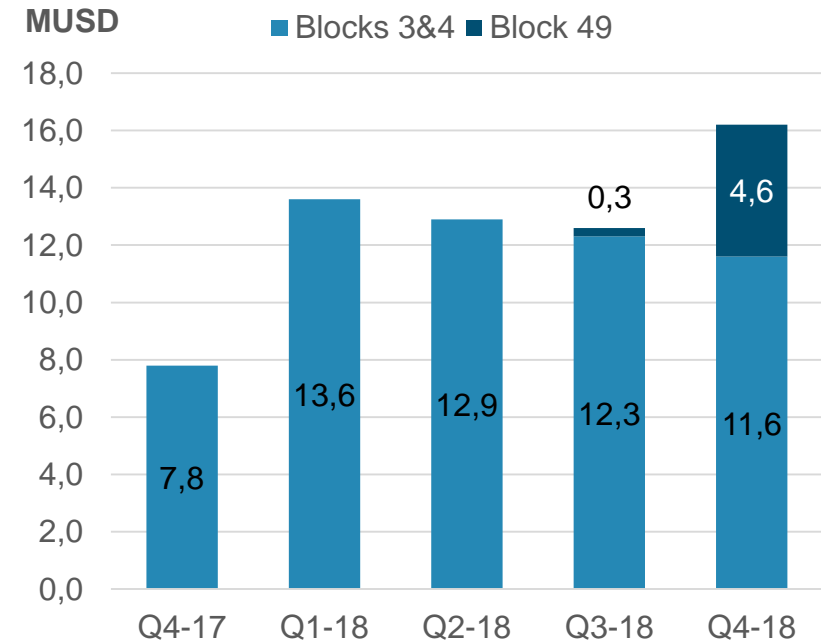
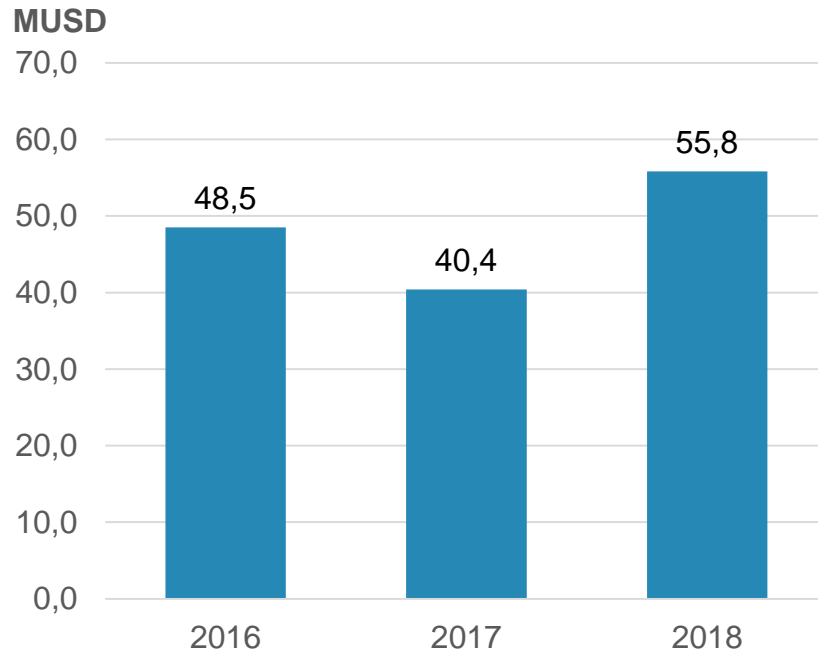
Balance Sheet

(MUSD)	2018-12-31	2018-09-30	2018-06-30	2017-12-31
Net cash	73.1	63.7	35.8	42.0
Total assets	291.4	272.5	244.1	244.7
Shareholders' equity	267.6	252.1	230.8	228.5

Continued strong cash generation:

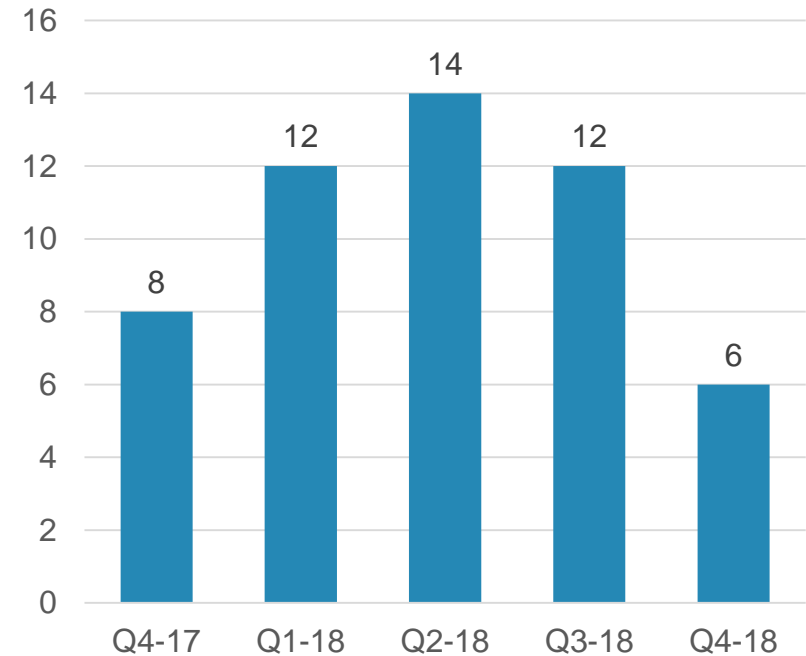
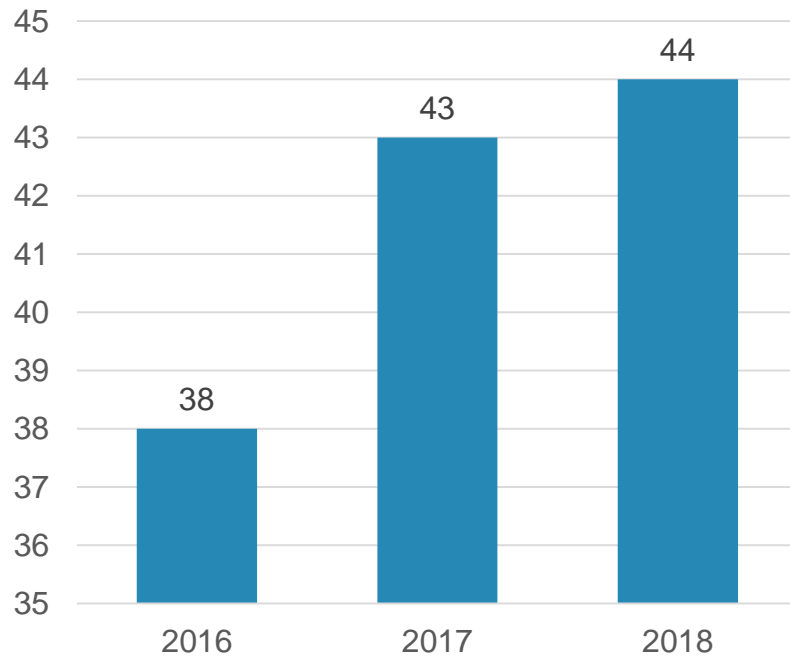
- Net cash increased 15% from MUSD 63.7 in Q3-18 to MUSD 73.1 in Q4-18
- Second instalment of SEK 1.00 per share of the 2018 ordinary dividend was distributed in Q4-18, in total MUSD 3.7

Oil and gas investments



- Investments on Blocks 3&4 in Q4-18 slightly lower than during Q3-18
- Investment on Block 49 amounted to MUSD 4.6 following seismic campaign
- Investment guidance 2019: MUSD 50-55

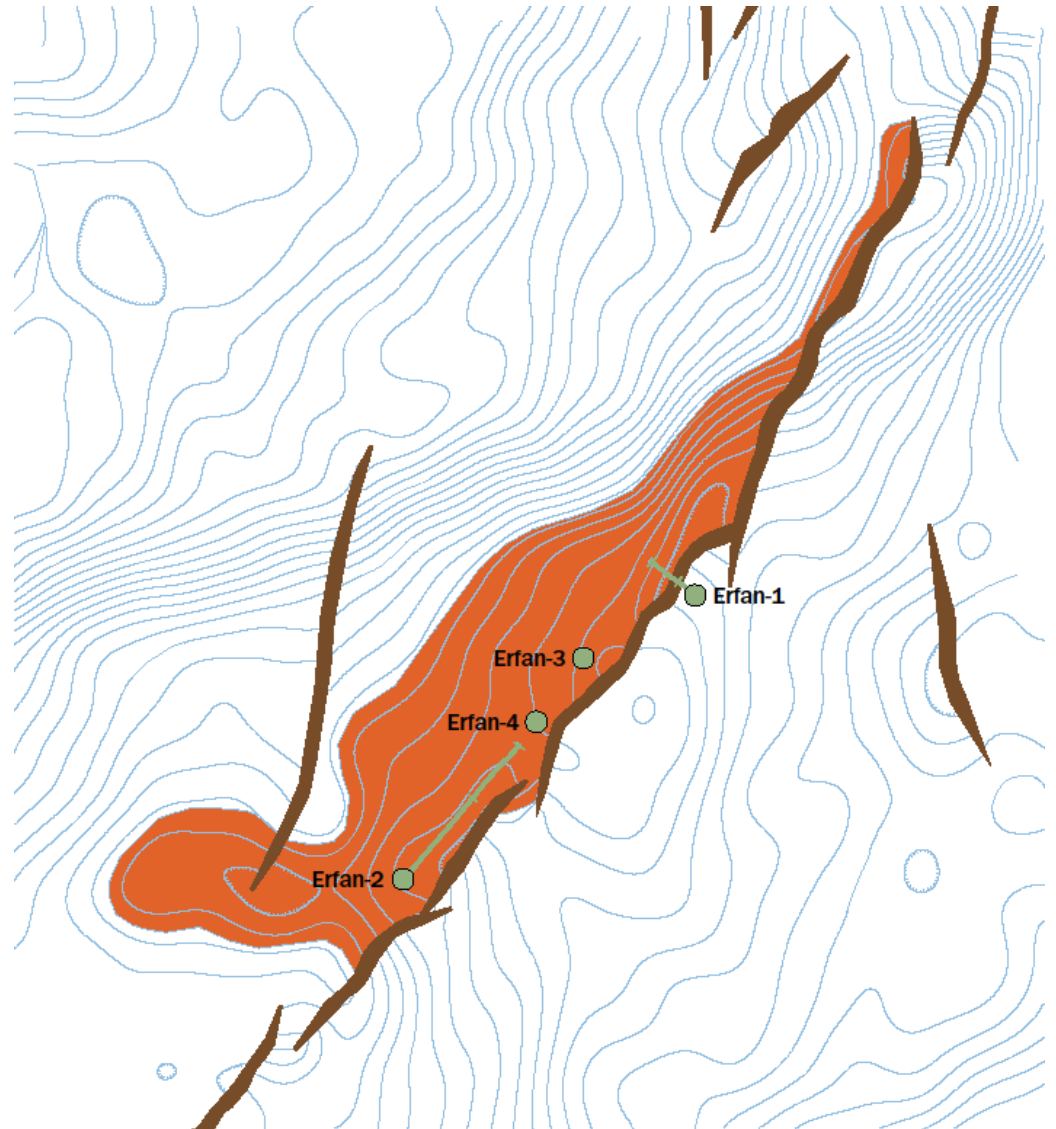
Wells on Blocks 3&4



Wells completed Q3-18 (primary purpose)	Discoveries made 2017	Farha South	Shahd and Saiwan East	Near and far field exploration	Total
Appraisal/Production	3	1	-	-	4
Water injection	-	2	-	-	2
Water source	-	-	-	-	-
Exploration	-	-	-	-	-
Total	3	3	-	-	6

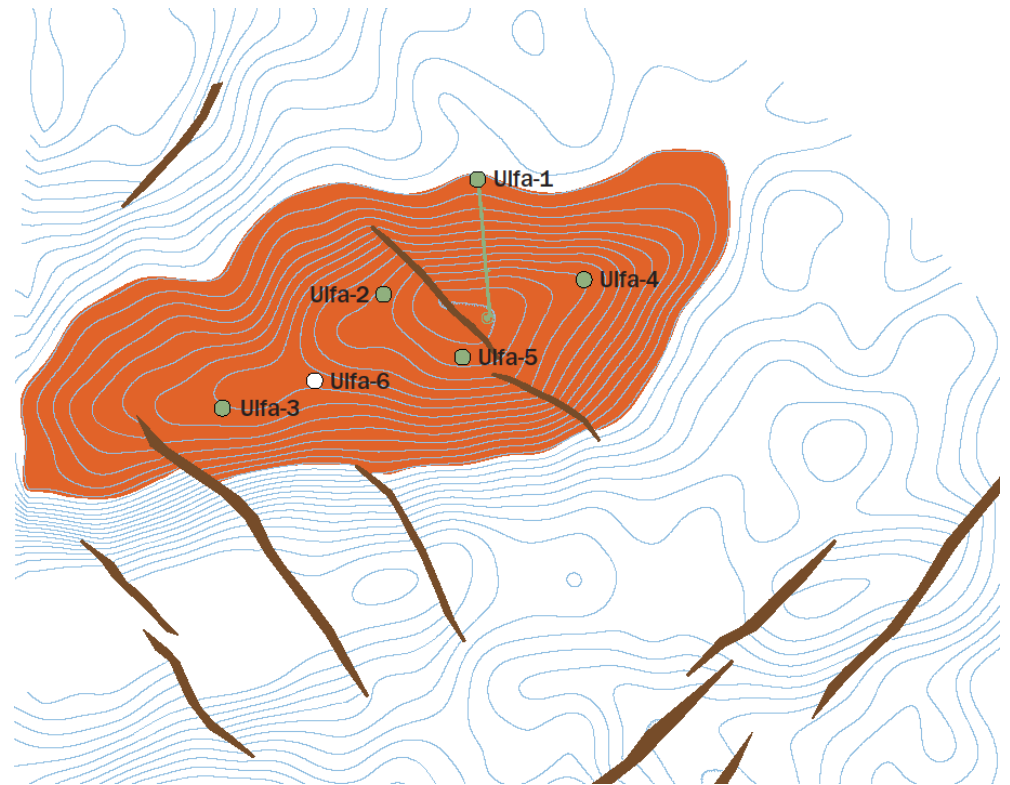
Erfan appraisal

- 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



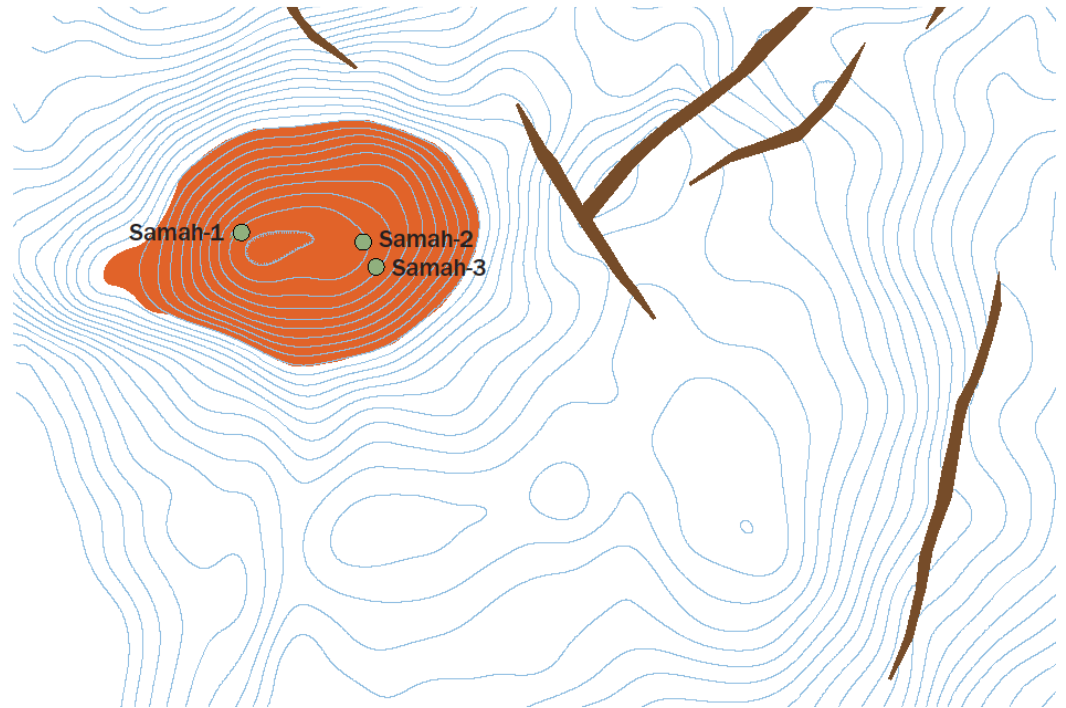
Ulfa appraisal/development

- Location: South of the Farha South field, along the Farha South trend
- Discovery well drilled in Q2-17
- Ulfa-4 and Ulfa-5 drilled in Q4-18
- Appraised with five successful wells in 2018. All wells encountered oil and majority of results were as, or slightly better than, expected
- Ulfa-6 well in progress
- Wells connected to Ulfa EPF, commissioned late in Q4-18



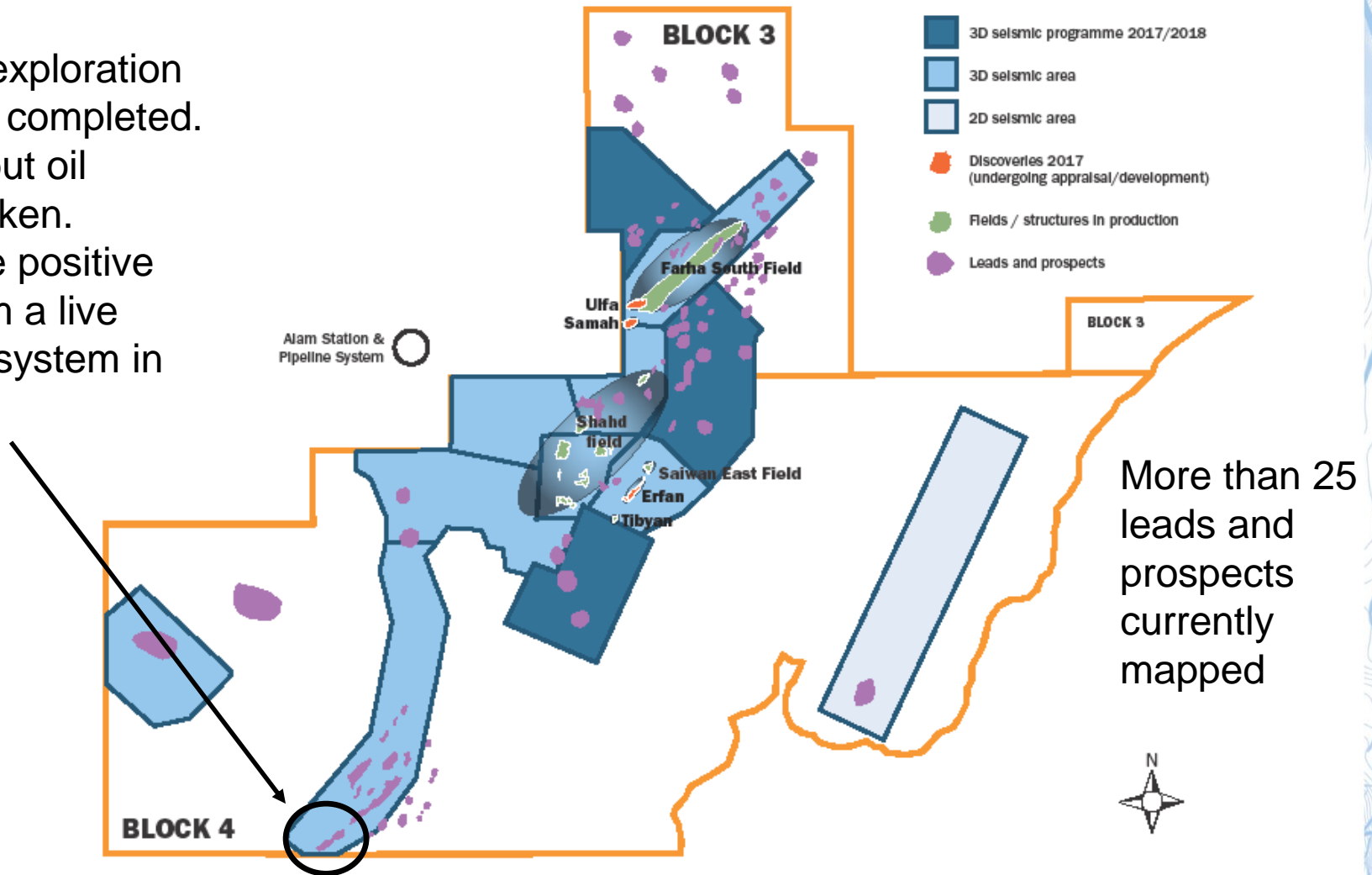
Samah appraisal/development

- Location: 5 km south of the Ulfa discovery
- Discovery well drilled in Q4-17
- Samah-2 well successfully drilled in Q3-18
- Samah-3 well successfully drilled in Q4-18
- Wells connected to Ulfa EPF, commissioned late in Q4-18



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

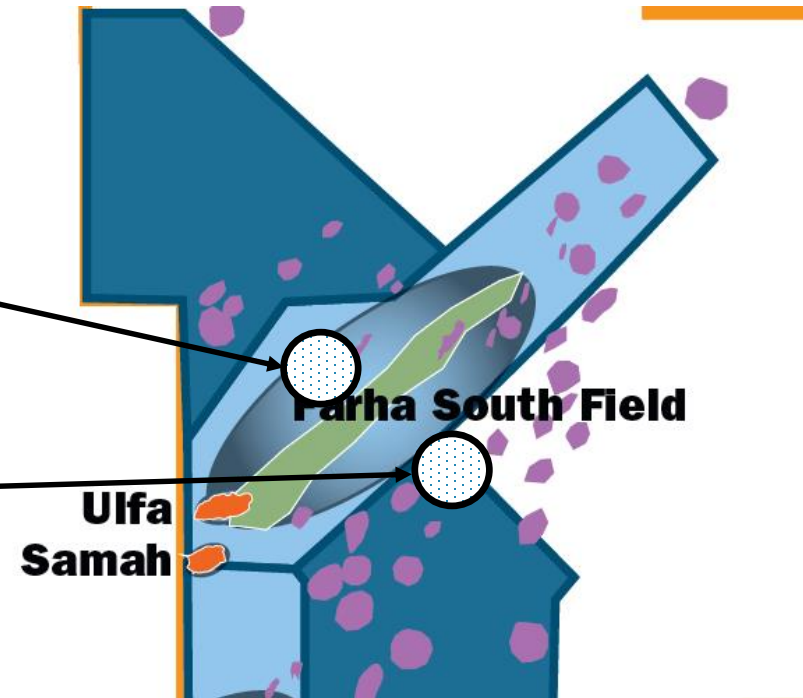
Testing of exploration well Luja-1 completed.
No flows, but oil samples taken.
Results are positive and confirm a live petroleum system in the area



Exploration wells

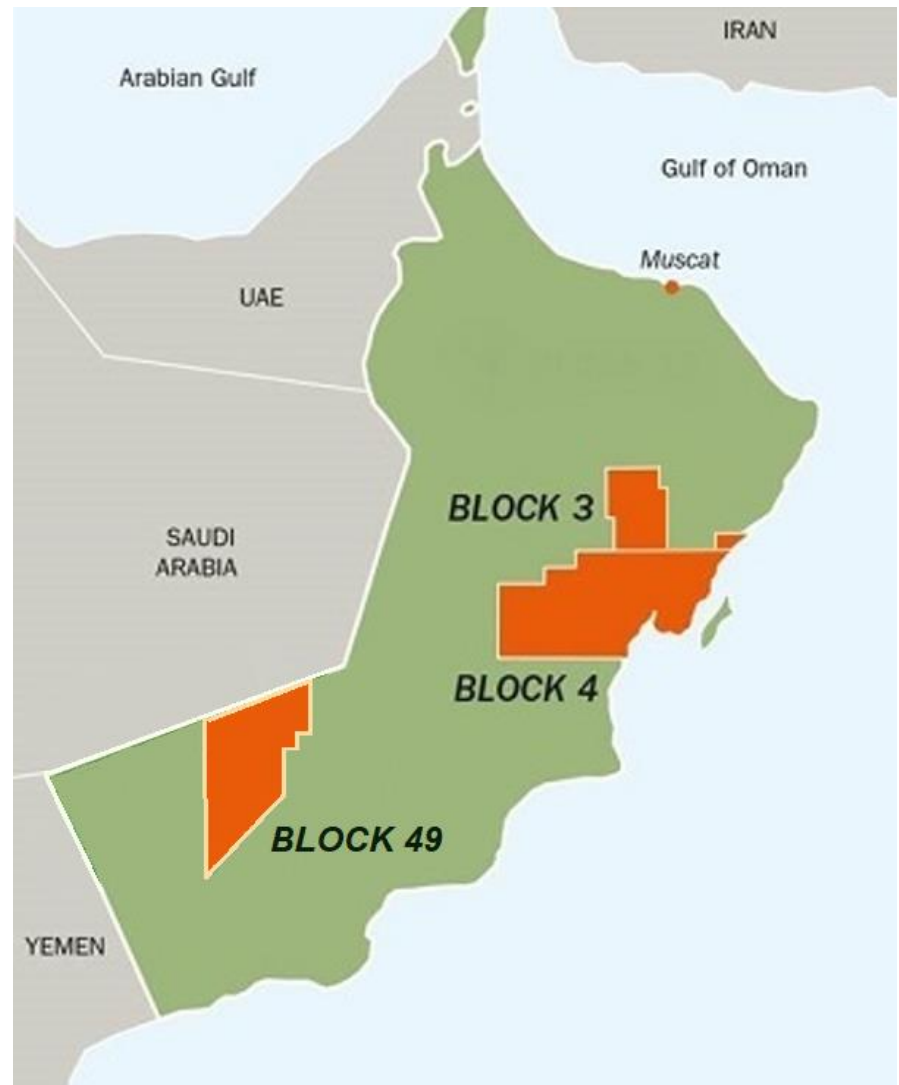
Two exploration wells are in progress:

- 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 legacy wells drilled, several with oil shows

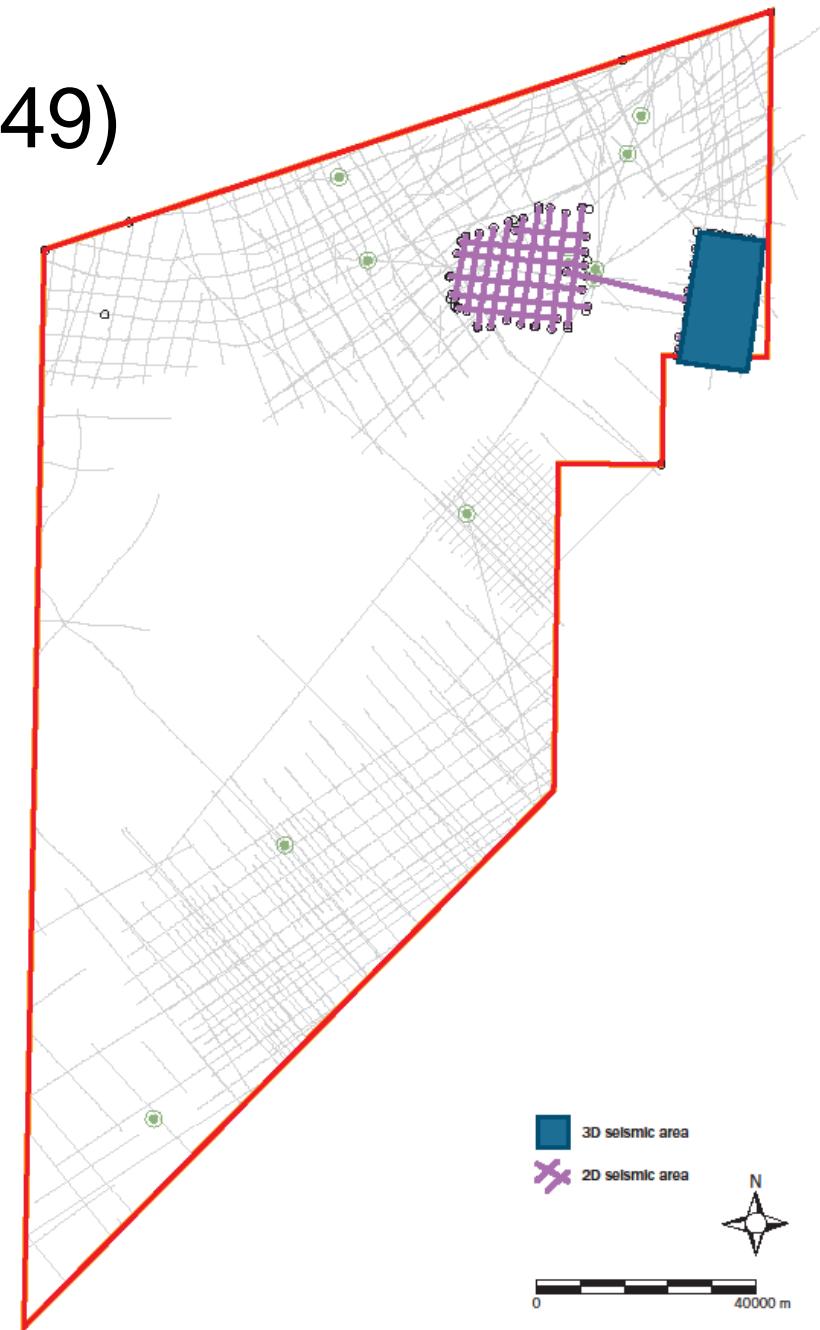


Seismic campaign (Block 49)

253 km² of 3D and 299 km of 2D seismic data were acquired in Q4-18.

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.



Q4 2018

Highlights

- Record financial numbers:
 - Revenue and other income MUSD 44.4, up 5% from Q3-18
 - EBITDA MUSD 30.8, up 2% from Q3-18
 - Operating result MUSD 19.1, up 3% from Q3-18
- 2P reserve replacement ratio of 177 percent for 2018
- Year-end 2018 2P Reserves of 25.4 mmbo and 2C Contingent Resources of 12.5 mmbo
- 253 km² of 3D and 299 km of 2D acquired in Q4-18 on Block 49
- Annual average net production from Blocks 3&4 in 2019 expected to amount to between 12,000 -13,000
- 2019 investments for the company's existing operations on Blocks 3&4 and Block 49 expected to amount to MUSD 50-55
- The board of directors proposes a distribution to shareholders of SEK 2.00+6.00 per share (MUSD ~30)

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