



Tethys Oil
Q2 2020
11 August 2020



Q2-20 Highlights

Production:

**10,597
bopd**

(subject to
limitations)

Operations
uninterrupted
despite Covid-
19

Free Cash
Flow MUSD
0.6 in Q2
(MUSD 9.8
YTD)

Blocks 3&4
11 wells drilled

Block 49
Preparations
for exploration
drilling

Block 58
New
exploration
block signed
in July

Q2-20 Financial highlights

	Q2-20	Q1-20	Q2-19	6M-20	6M-19	FY-19
Revenue and other income, MUSD	21.1	37.3	41.3	58.4	74.0	150.8
EBITDA, MUSD	8.7	21.9	27.9	30.6	44.8	92.9
Operating result, MUSD	-1.7	9.2	16.4	7.5	22.0	37.1
Free cash flow, MUSD	0.6	9.2	6.2	9.8	16.4	31.4
Avg. selling price, USD/bbl	34.3	63.1	67.8	51.5	64.5	64.2
Opex, USD/bbl	10.8	11.6	10.2	11.2	11.7	11.0
Ave. daily production, bbl	10,597	13,032	12,881	11,815	12,394	12,832

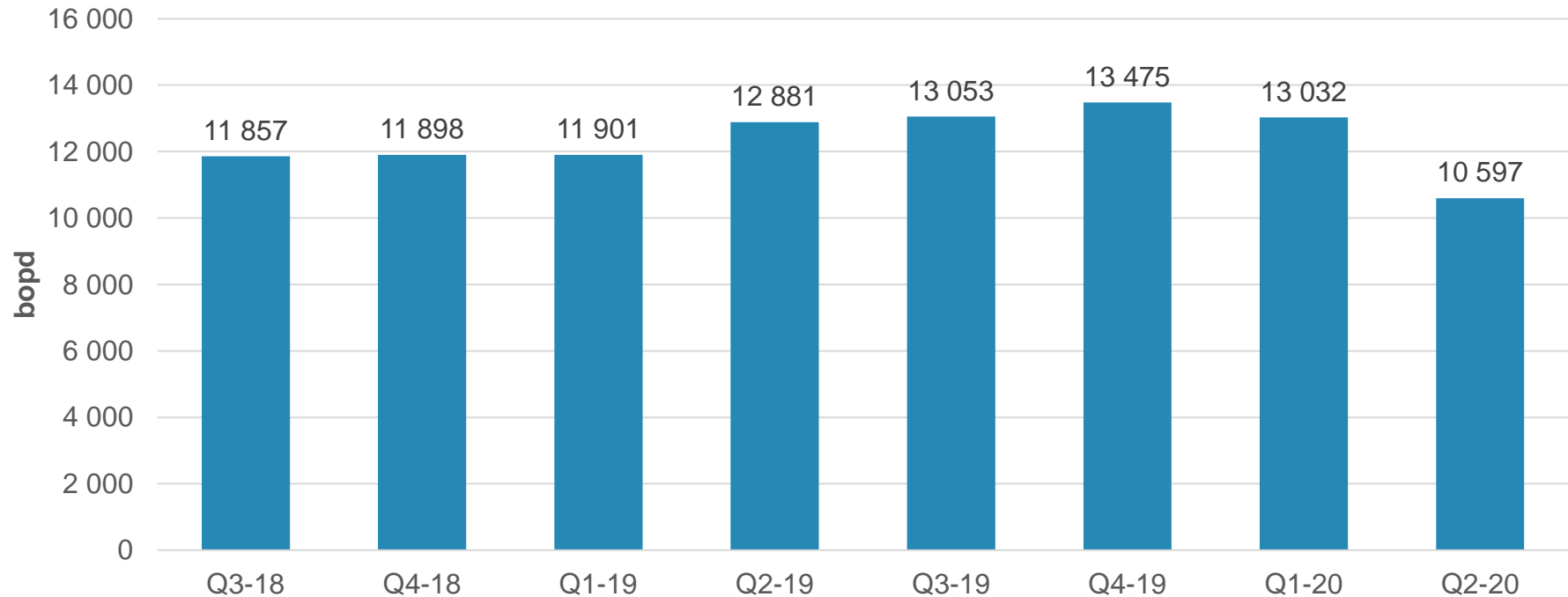
- Solid production of 10,597 bopd despite production limitations
- Revenue and other income of MUSD 21.1 reflects lower oil prices and production
- Entitlement 55% (49% in Q1-20) - FY 2020 expected at annual maximum 52%
- EBITDA at MUSD 8.7

Distributions to shareholders continued

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	3.00	6.00	4.00	-	3.00	2.00
Total	5.00	8.00	6.00	1.00	4.00	3.00
Dividend yield at announcement	11%	11%	10%	1%	7%	4%

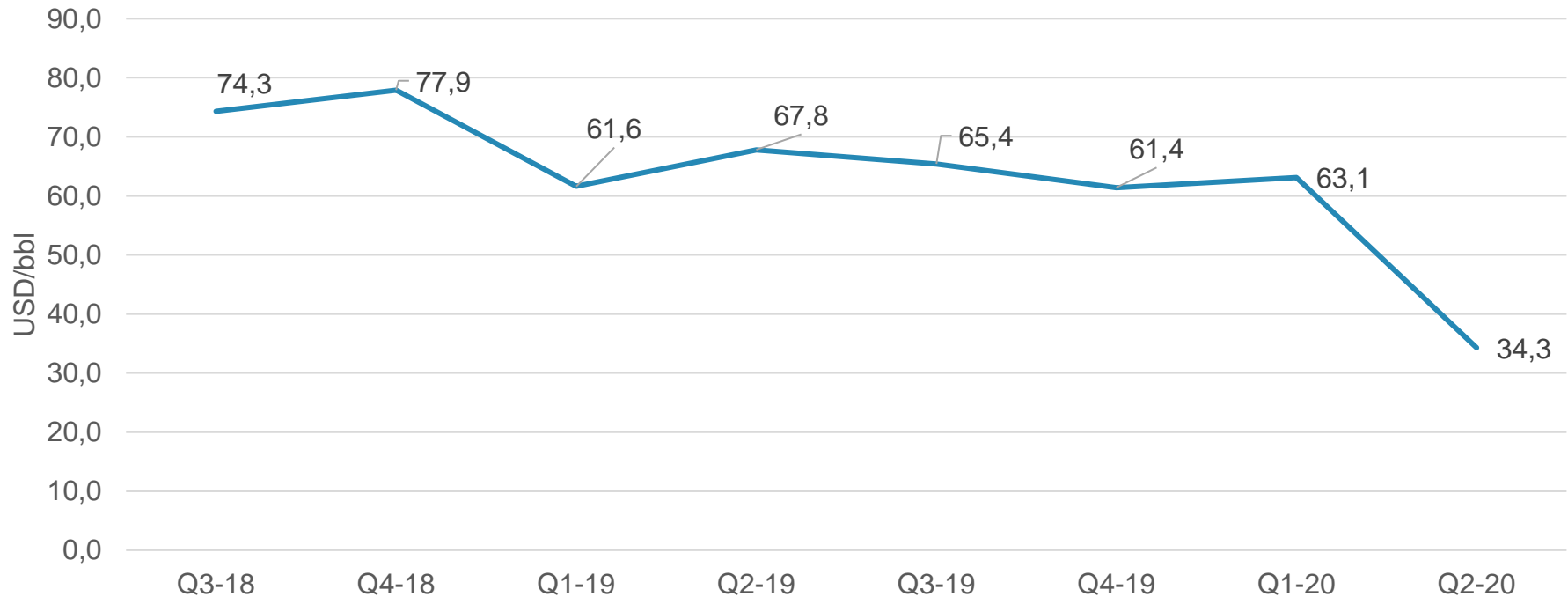
- In total MUSD 17.6 was distributed in Q2-20
- Total treasury share holdings (3.3m shares) cancelled after AGM 2020

Production, Blocks 3&4



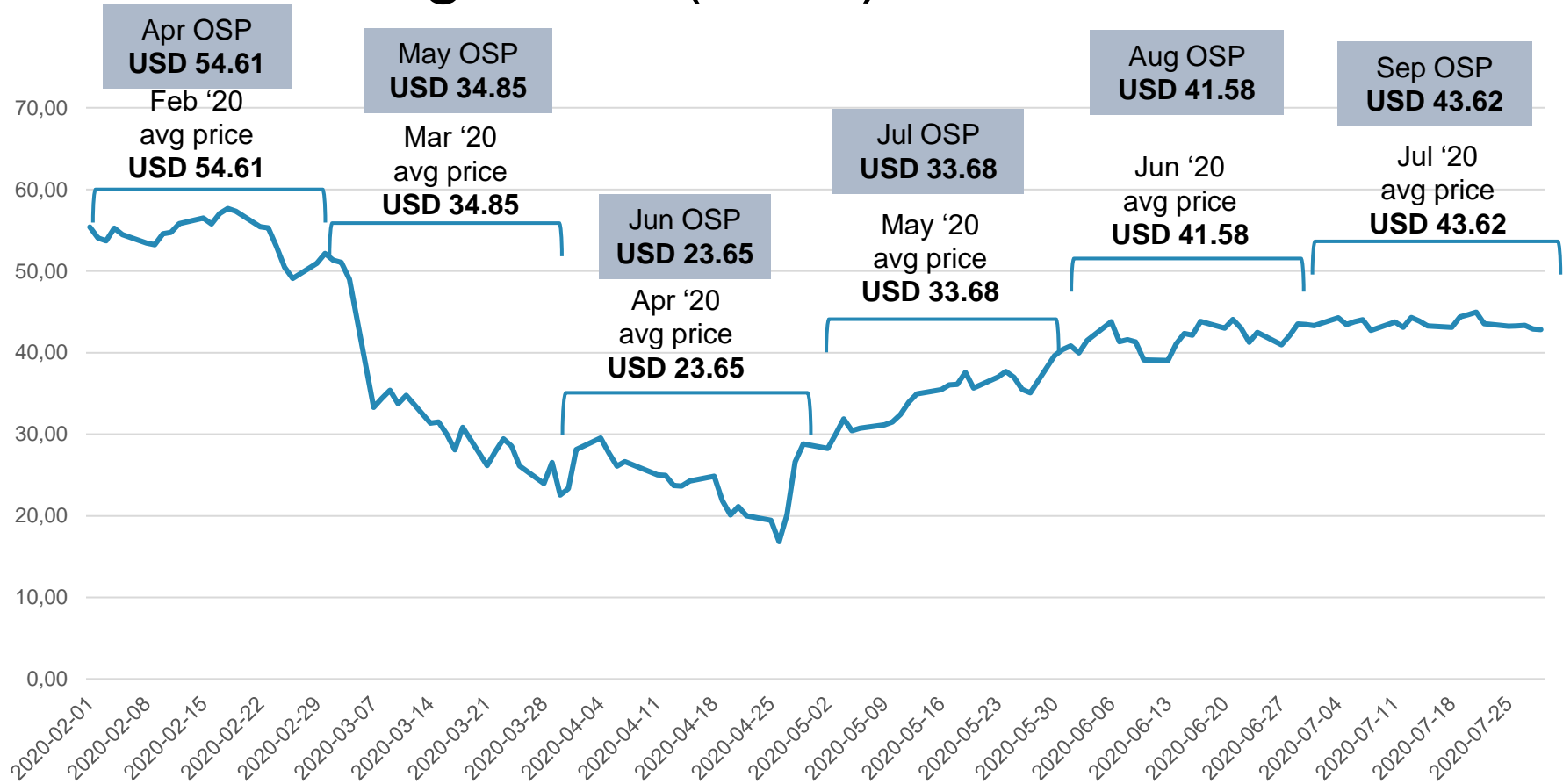
- Oil production in Oman subject to production limitations under OPEC+ agreement. As a consequence, production from Blocks 3&4 is subject to limitations but likely to fluctuate on a monthly basis. Tethys' production quotas:
 - May – June 2020: 8,700 bopd
 - July – December 2020: 9,300 bopd
- Average daily production of 10,597 bopd, down 19% from Q1-20 following production limitations

Average achieved selling price per barrel



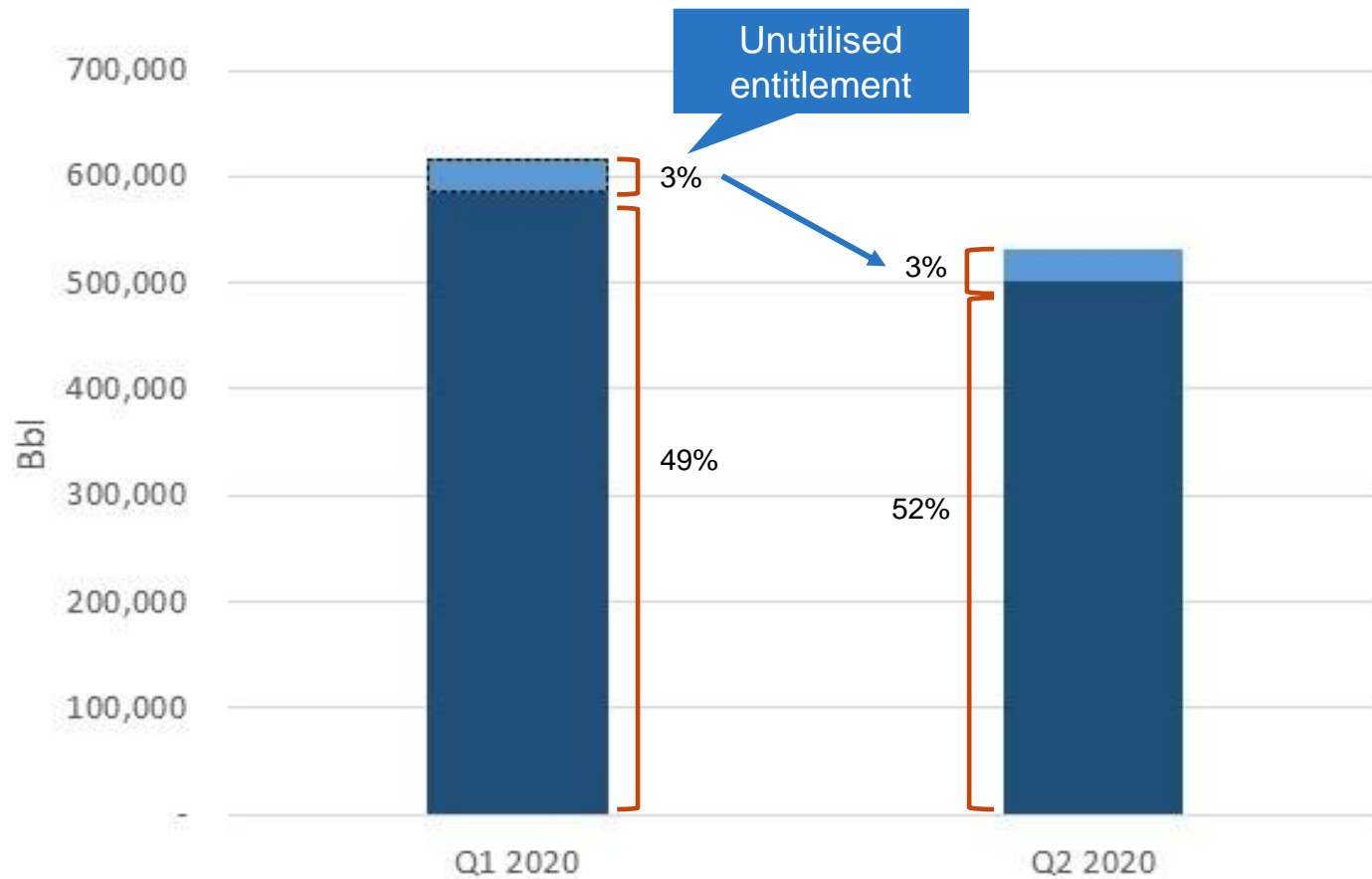
- Achieved selling price down 46% to USD 34.3/bbl, (Q1-20:USD 63.1/bbl)
- 2-month lag in the calculation of the OSP - sharp drop in oil prices starting March 2020 had an impact on achieved prices starting in May 2020
- Since early June, Oman Blend has stabilised above USD 40/bbl

Official Selling Price (OSP)



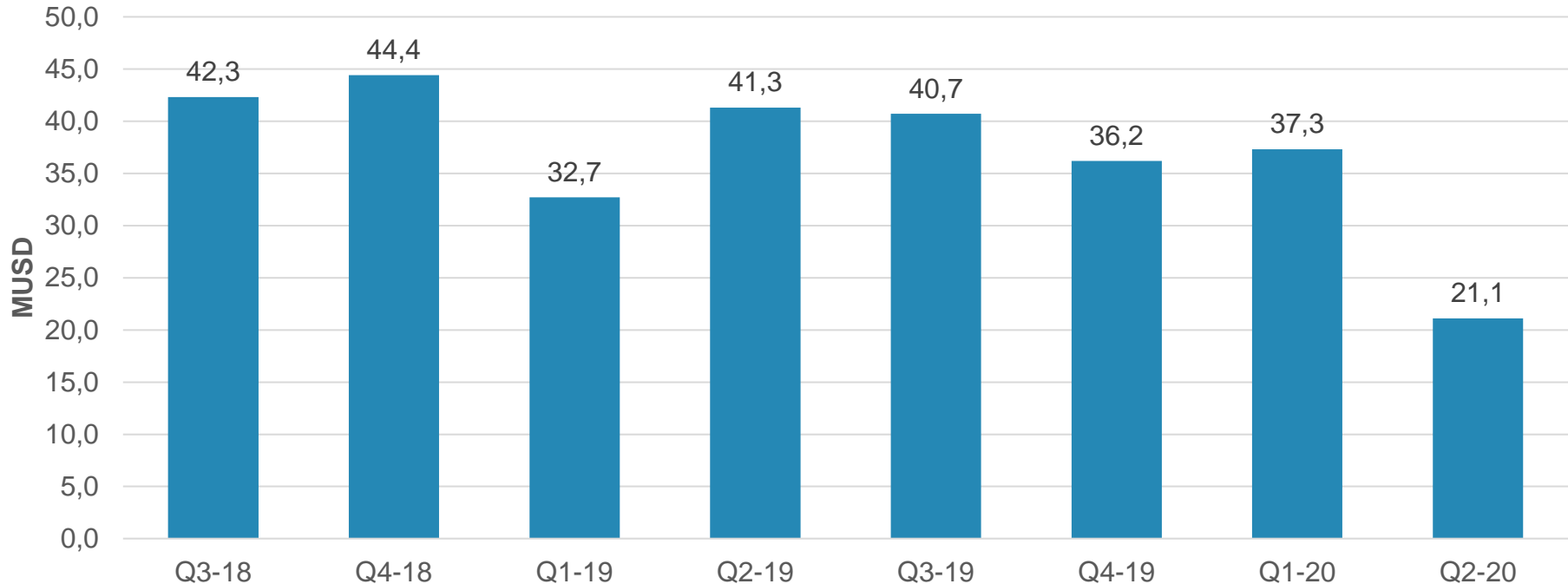
- The OSP is calculated from the average price of the front month contract for Oman export blend as traded on the Dubai Mercantile Exchange
- The front month (spot) contract in August is for delivery in October and forms the basis for the October OSP

Net entitlement



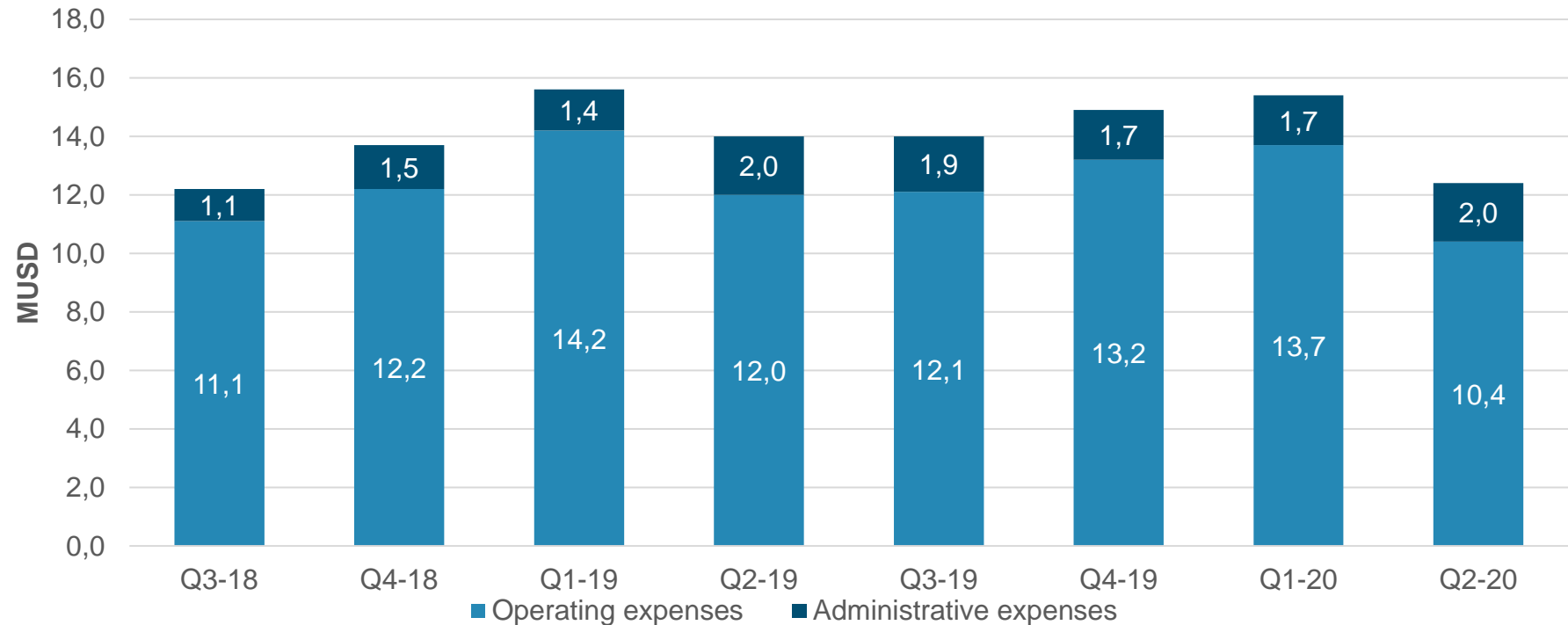
- Unutilised entitlement (cost oil) can be carried forward later in the year
- Full year entitlement can never exceed 52%

Revenue and other income



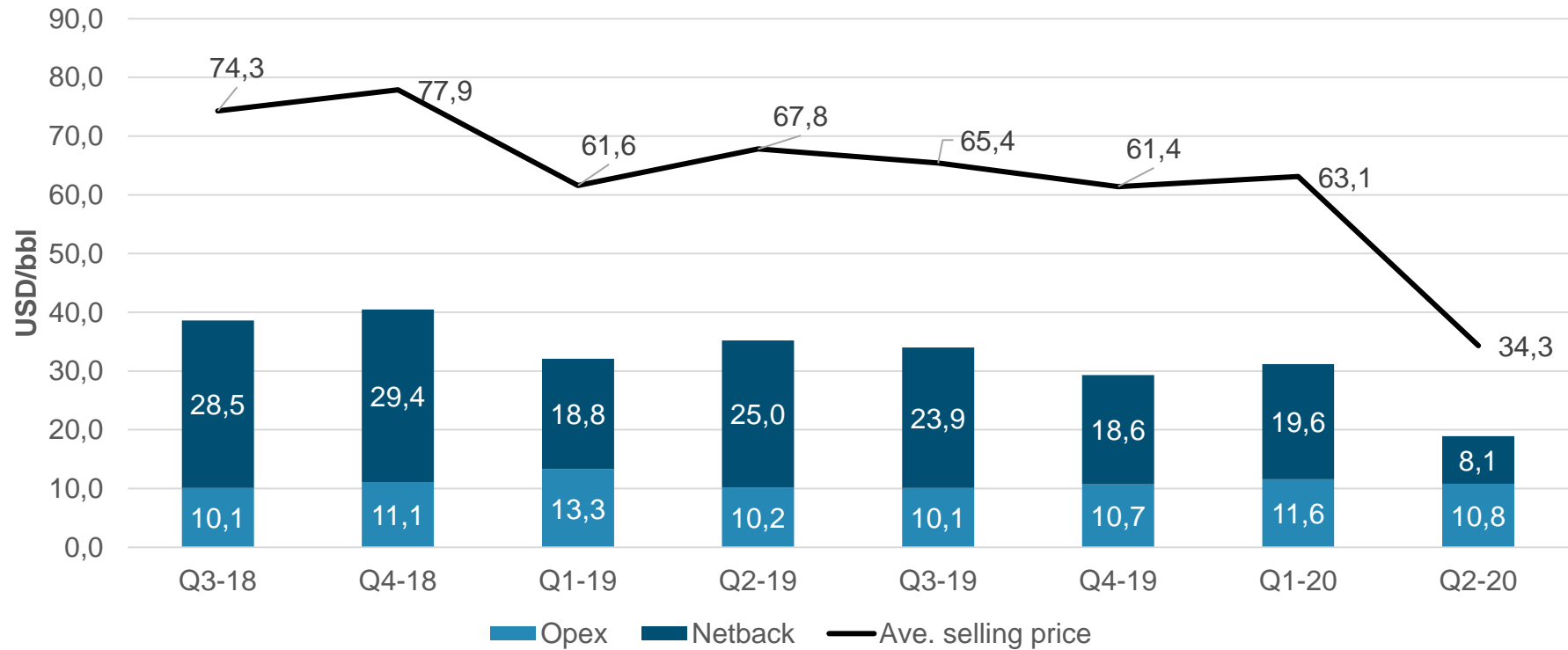
- Q2-20 Revenue and other income amounted to MUSD 21.1, down 43% compared with Q1-20 following sharp oil price decline and lower production
- Net Entitlement for 2020 expected to be at annual maximum 52% under current market conditions

Expenses



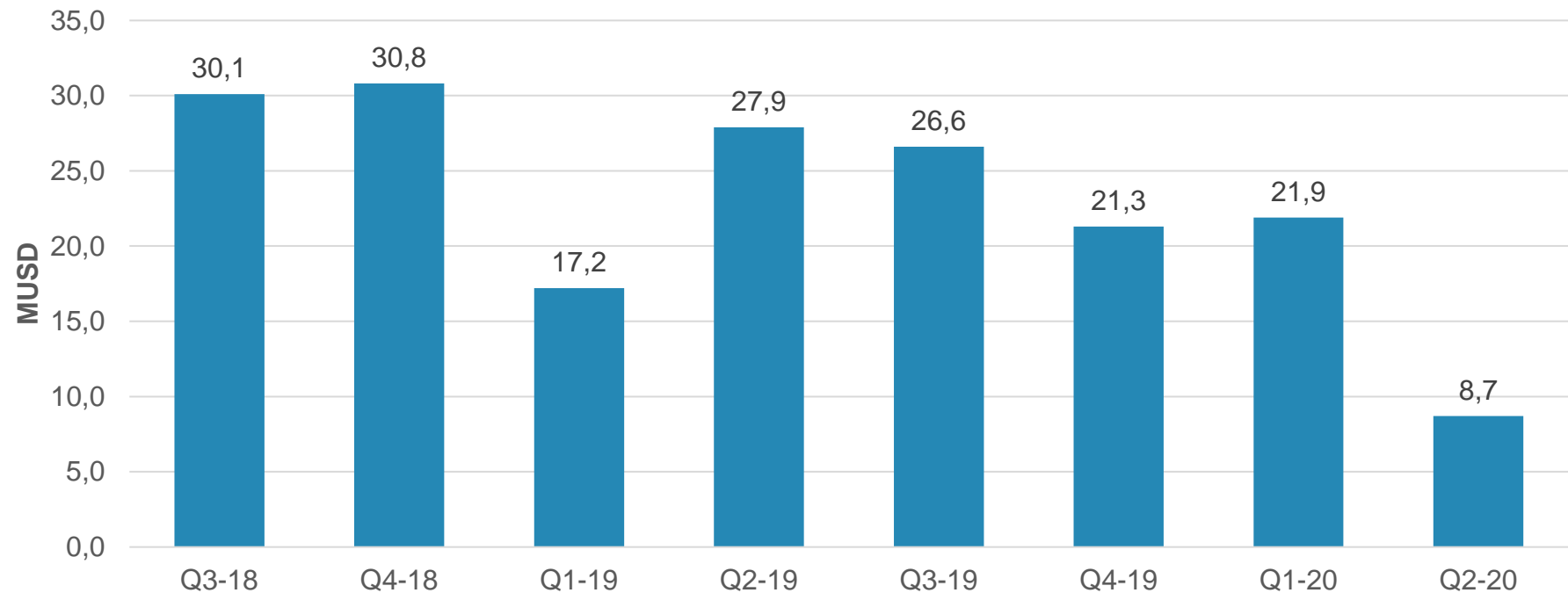
- Opex in Q2-20 amounted to MUSD 10.4, down 24% compared to MUSD 13.7 in Q1-20 following lower production and implementation of cost savings in response to the lower oil price
- Admin costs in Q2 include cost of long-term incentive programme

Opex and Netback* per barrel (USD/bbl)



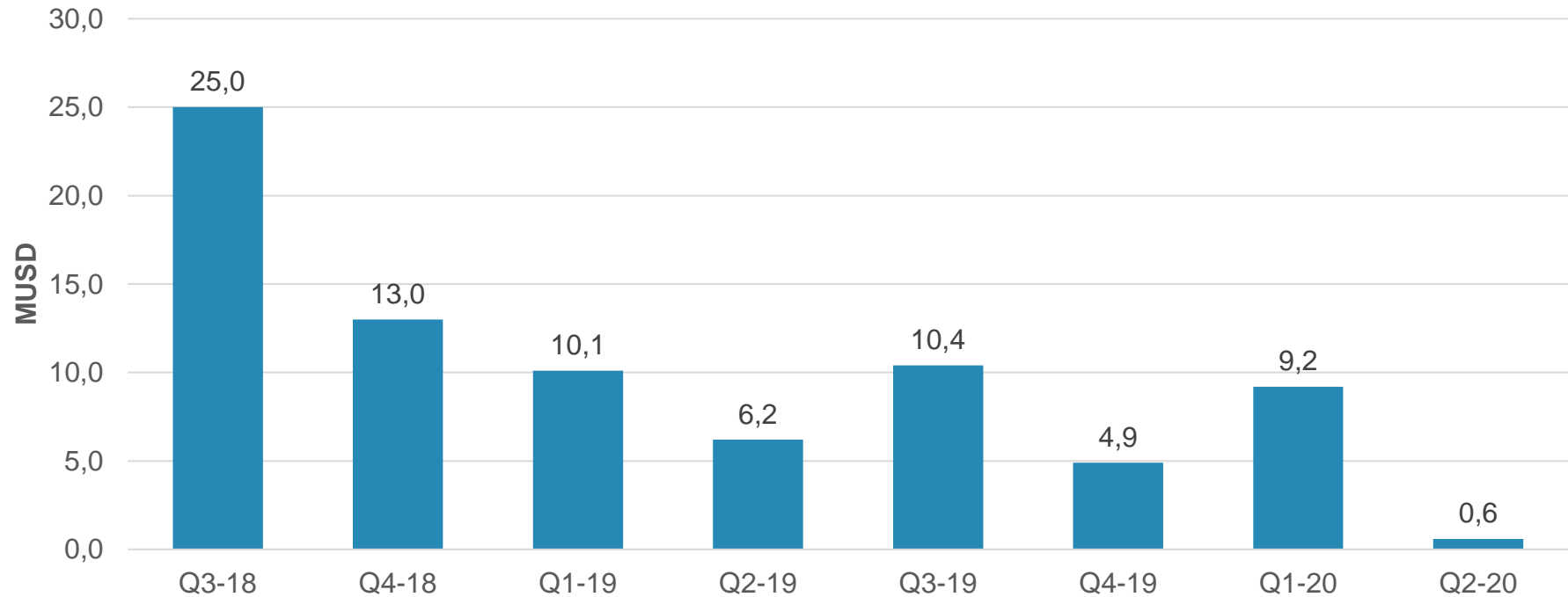
- Netback down 59% in Q2-20 compared with Q1-20 due to the lower achieved oil price partly offset by a higher net entitlement

EBITDA



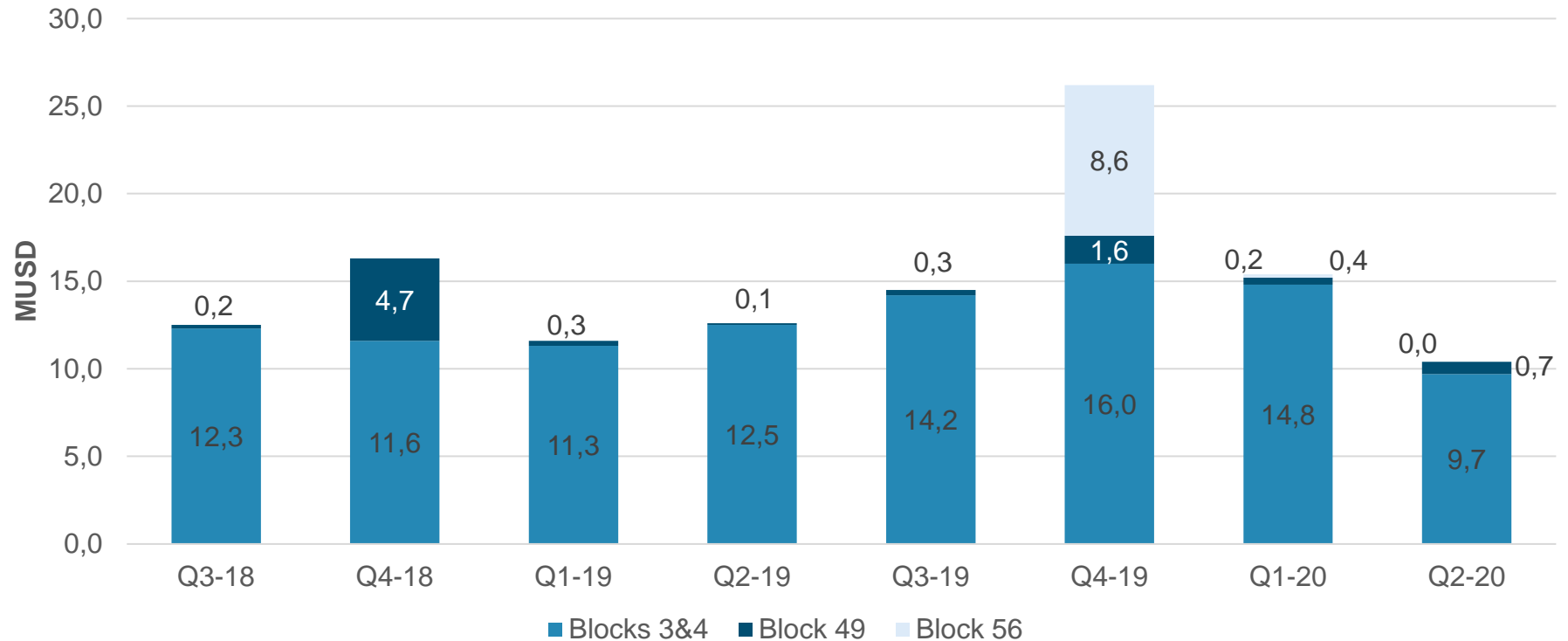
- EBITDA of MUSD 8.7 in Q2-20, down 60% compared with Q1-20
- EBITDA margin of 41% in Q2-20, down from 59% in Q1-20

Free cash flow



- Neutral free cash flow in Q2-20 of MUSD 0.6, despite substantial drop in oil price and production limitations.

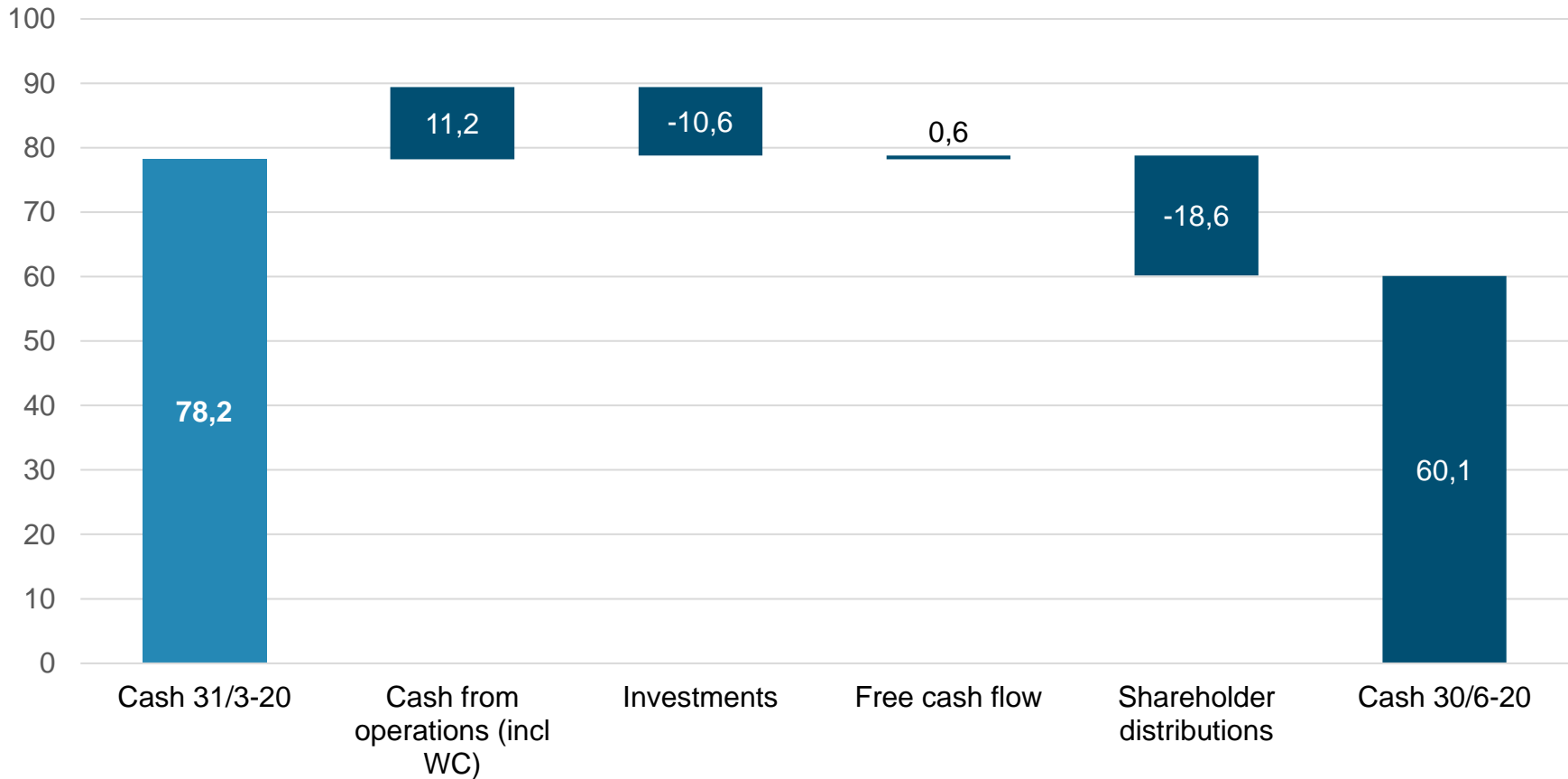
Oil and gas investments



- Investments in Q2-20:
- Blocks 3&4 – MUSD 9.7 (MUSD 14.8 in Q1-20)
- Block 49 - MUSD 0.7 (MUSD 0.4 in Q1-20)
- Block 56 – MUSD 0.0 (MUSD 0.2 in Q1-20)

Cash flow

MUSD



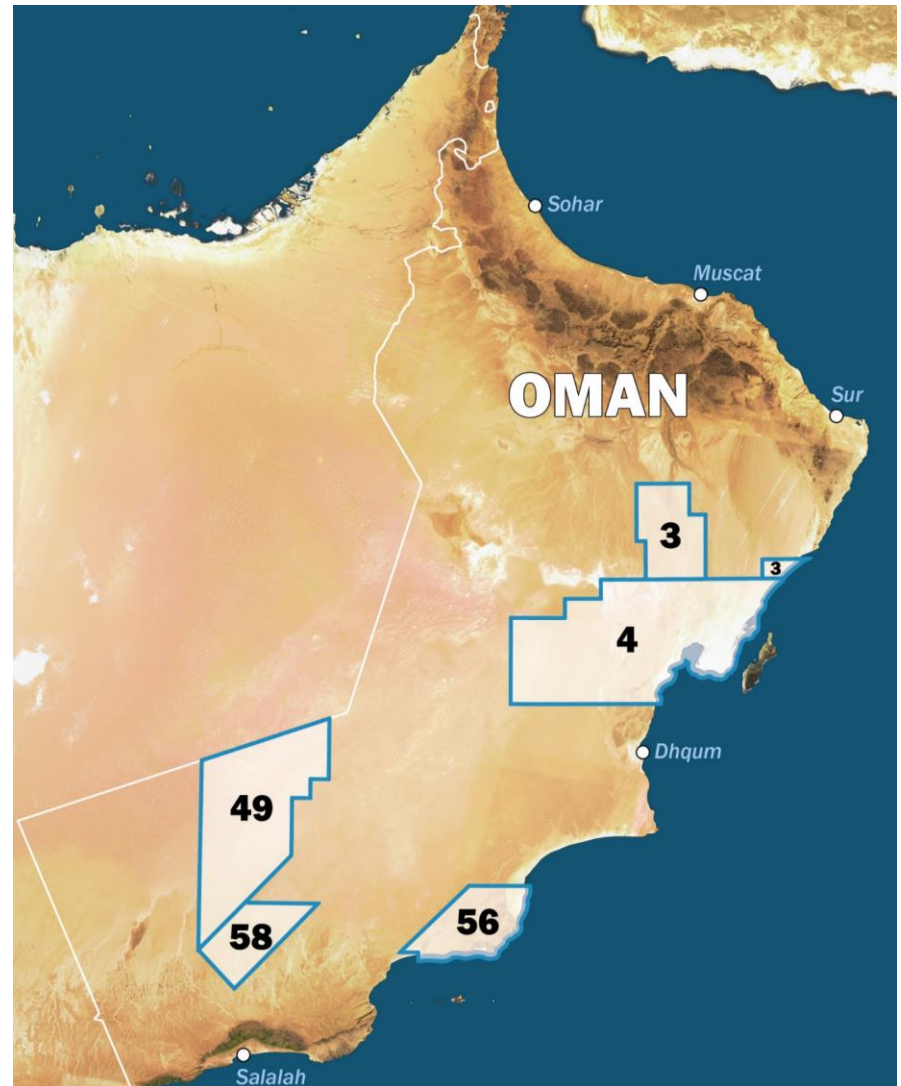
Balance Sheet

<i>(MUSD)</i>	2020-06-30	2020-03-31	2019-12-31
<i>Assets</i>			
Oil and gas properties	214.8	214.7	211.7
Cash and cash equivalents	60.1	78.2	75.6
Total assets	281.1	308.0	300.2
<i>Liabilities</i>			
Shareholders' equity	261.3	279.8	276.3
Total liabilities	19.8	28.2	23.9
Total assets	281.1	308.0	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
- Now holding interest in five blocks, of which two 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

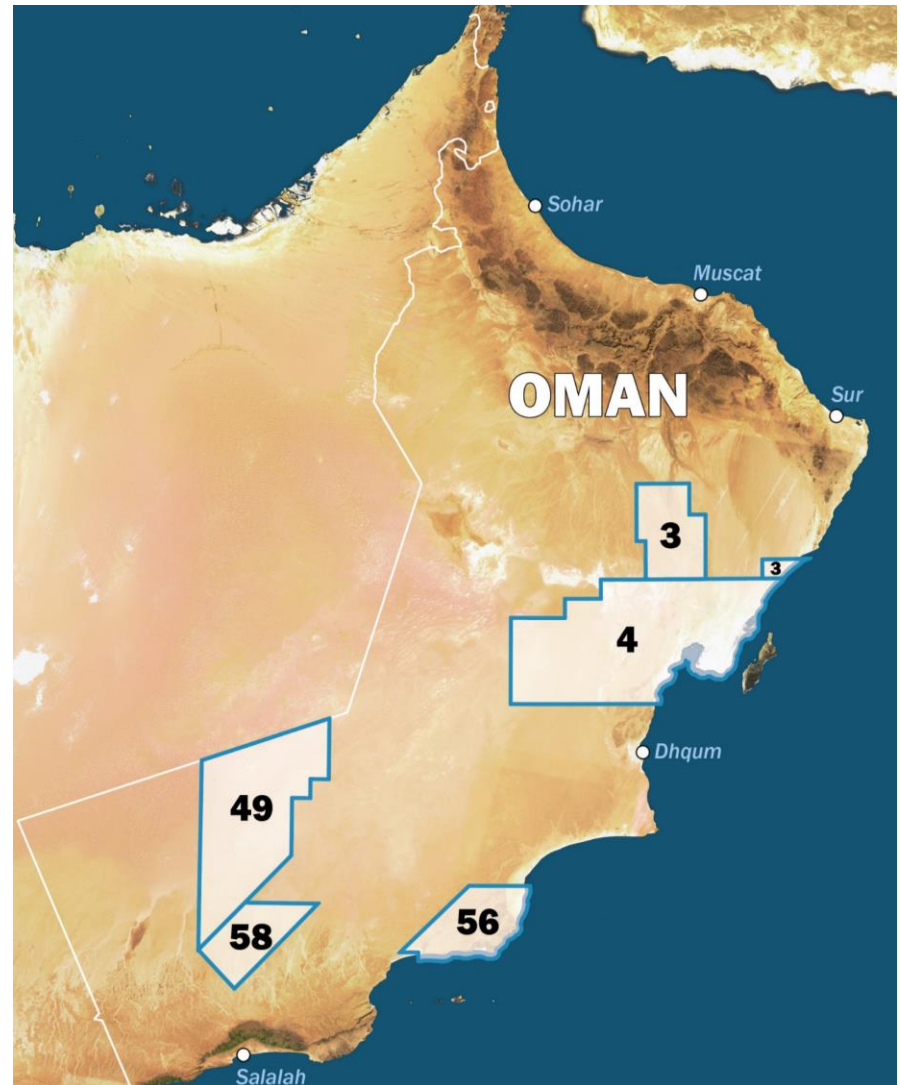
- Tethys Oil 100% (Operator)
- Signed in Q4-17
- EPSA: initial exploration period of 3 + 3 years
- Total area: 15,439 km²

Block 56

- Tethys Oil 20%, Medco 50% (operator), 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



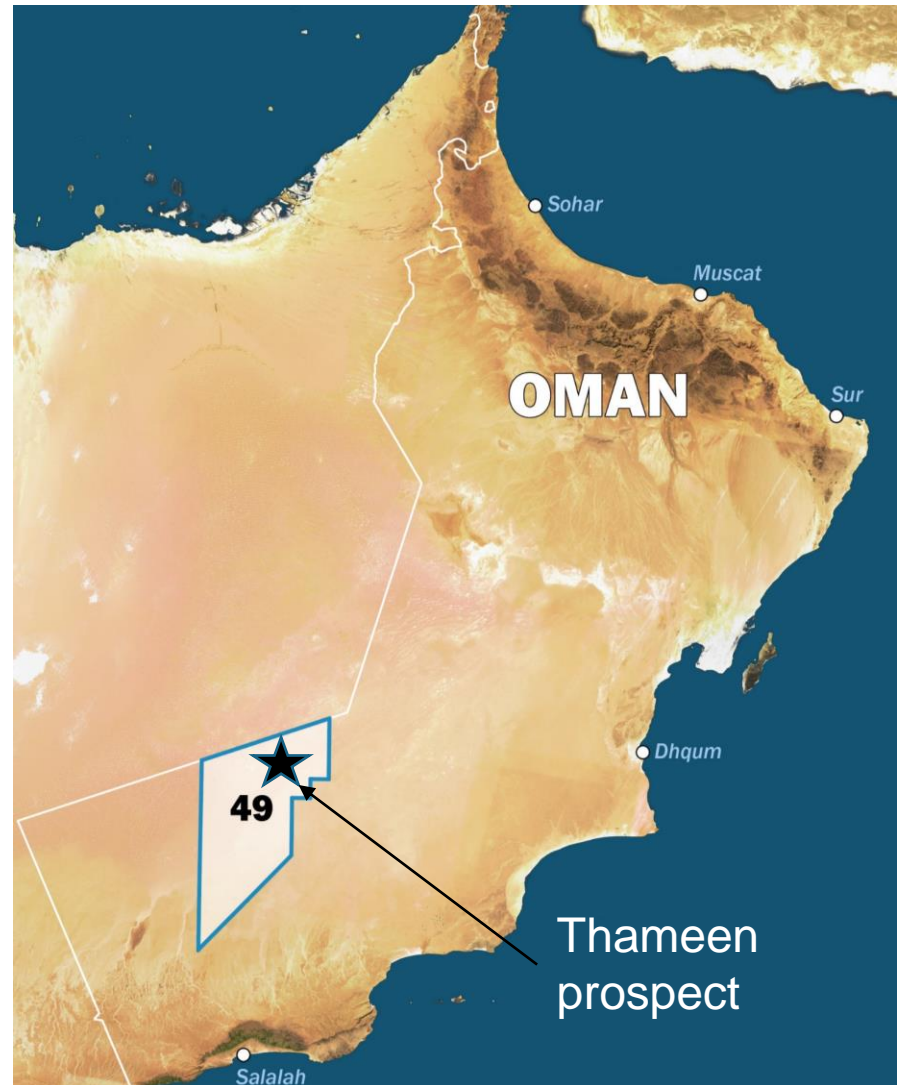
Blocks 3&4

- Wells drilled in Q2-20
 - 10 Appraisal/Production wells
 - 1 Water injection well
- Production, drilling 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
- Tethys' production quota, before government take: 9,300 bopd Jul-Dec 2020, with expected monthly fluctuations
- Ongoing interpretation of 2019/2020 seismic survey
- Multiple leads and prospects in pre-drill stage continue to be matured in 3D areas close to producing fields and also in more remote areas of the blocks



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 second half 2019
- The Thameen prospect defined
- Exploration well to a depth of close to 4,000 meters to evaluate three potential reservoir targets
- Prospect drill ready
- Final drilling rig negotiations with several rig contractors ongoing
- Expect to drill before the end of the year



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
- Evaluation of existing seismic suggests presence of numerous leads in several different play concepts, some familiar from Blocks
- Initial planning of a possible new seismic campaign has started



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



Outlook

Blocks 3&4:

- Cost savings and investment deferrals implemented to mitigate fall in revenue from lower oil prices and production limitations
- Target for Blocks 3&4 to be at minimum cash flow neutral on a full year basis
- Long-term exploration and production ambitions unaffected – high readiness to increase production when and if allowed

Block 49:

- Preparations to drill Thameen ongoing. Rig contract in final stage of negotiations

Block 56:

- Data evaluation ongoing. Plans for new seismic campaign instigated

Block 58:

- Work programme will start with by reprocessing, integrating and further interpreting existing seismic with particular focus on two very interesting leads

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