



Tethys Oil
Q4 2020
9 February 2021



Q4-20 Highlights

**11,072
bopd**
Production

120%
Reserve
replacement
ratio

MUSD 9
Free cash flow

Block 56
Increased
interest to
65% and
operatorship

Block 49
Farmout and
spud of
Thameen-1

**SEK 2+2
per share**
Distribution to
shareholders

Q4-20 Financial highlights

	Q4-20	Q3-20	Q4-19	FY-20	FY-19
Revenue and other income, MUSD	22.3	20.4	36.2	101.1	150.8
EBITDA, MUSD	10.2	9.5	21.3	50.4	92.9
Operating result, MUSD	-0.7	-1.0	0.7	5.8	37.1
Free cash flow, MUSD	9.0	-11.7	4.9	6.7	31.4
Avg. selling price, USD/bbl	42.3	42.8	61.4	47.7	64.2
Opex, USD/bbl	9.8	9.5	10.7	10.5	11.0
Ave. daily production, bbl	11,072	10,651	13,475	11,336	12,832

- Production of 11,072 bopd, up 4% from Q3-20
- Revenue and other income of MUSD 22.3, up 9% from Q3-20
- EBITDA at MUSD 10.2, up 7% from MUSD 9.5 in Q3-20
- Free cash flow positive for Q4-20 and FY2020, in line with target

Record reserves at 31 Dec 2020

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

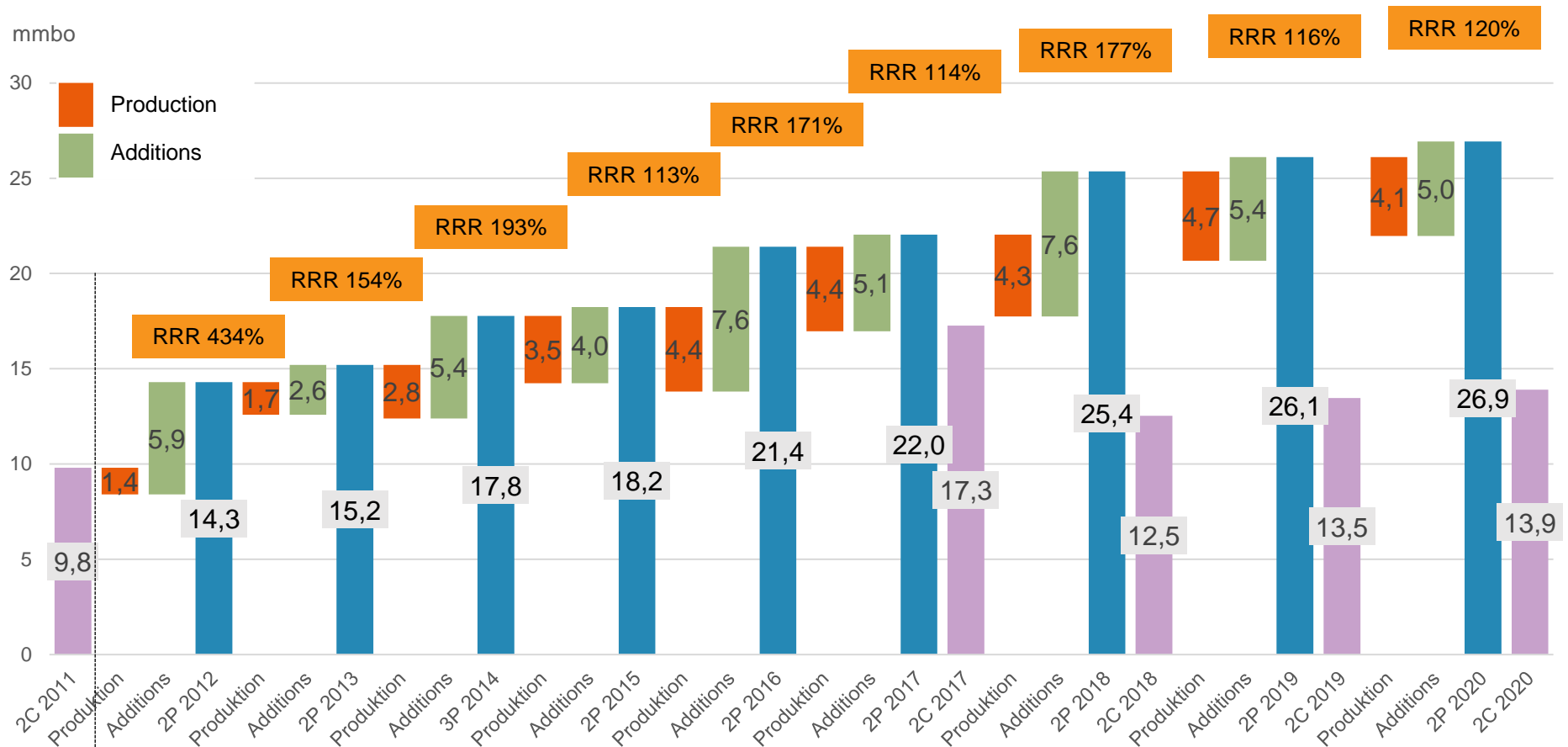
<i>mbo</i>	1P	2P	3P
Total 31 December 2019	17,336	26,112	36,919
Production 2020	-4,149	-4,149	-4,149
Additions and revisions	4,761	4,959	5,104
Total 31 December 2020	17,948	26,922	37,874
Reserve replacement ratio, %	115%	120%	123%

Contingent Resources Blocks 3&4 Oman (audited)

<i>mbo</i>	1C	2C	3C
Total	5,022	13,904	27,911

2020 and 2019 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")

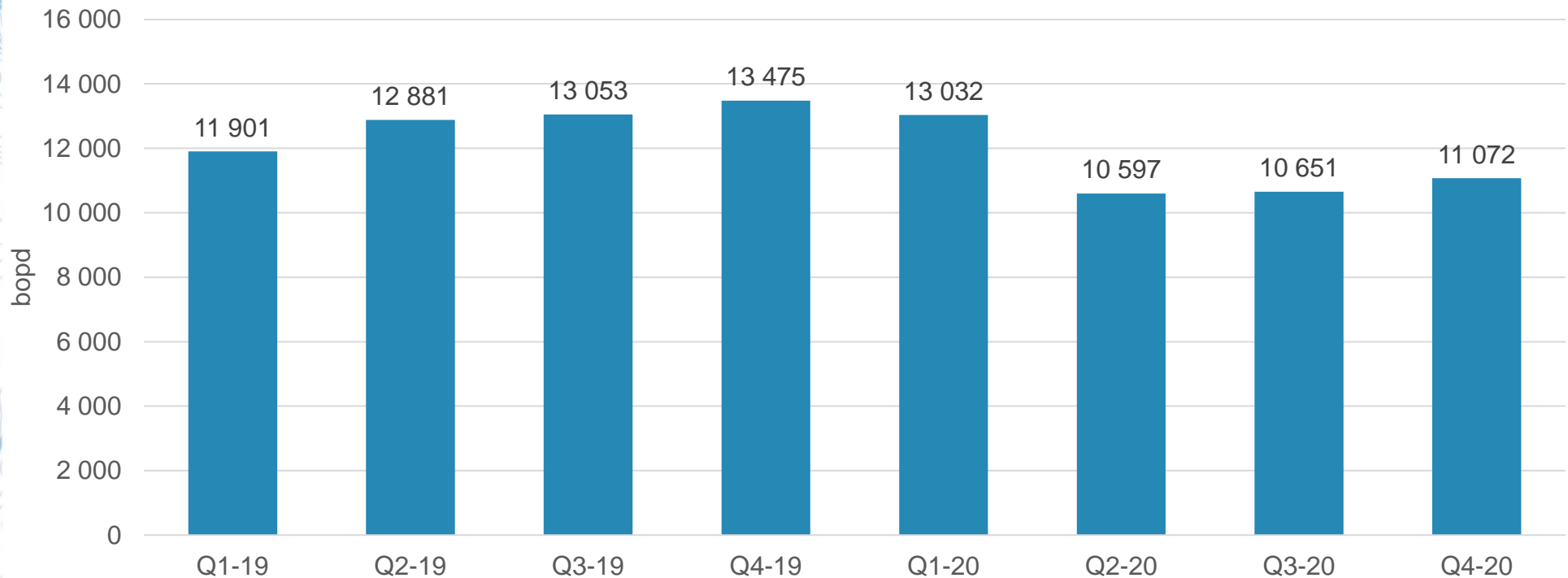
Tethys Oil's accumulated net production, from 2010 until 31 Dec 2020, amounts to 32 mmbo

Distributions to shareholders continues

SEK/share (Payment year)	2021	2020	2019	2018	2017	2016	2015
Ordinary dividend	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Extraordinary distribution	2.00	3.00	6.00	4.00	-	3.00	2.00
Total	4.00	5.00	8.00	6.00	1.00	4.00	3.00
Dividend yield at announcement	7%	11%	11%	10%	1%	7%	4%

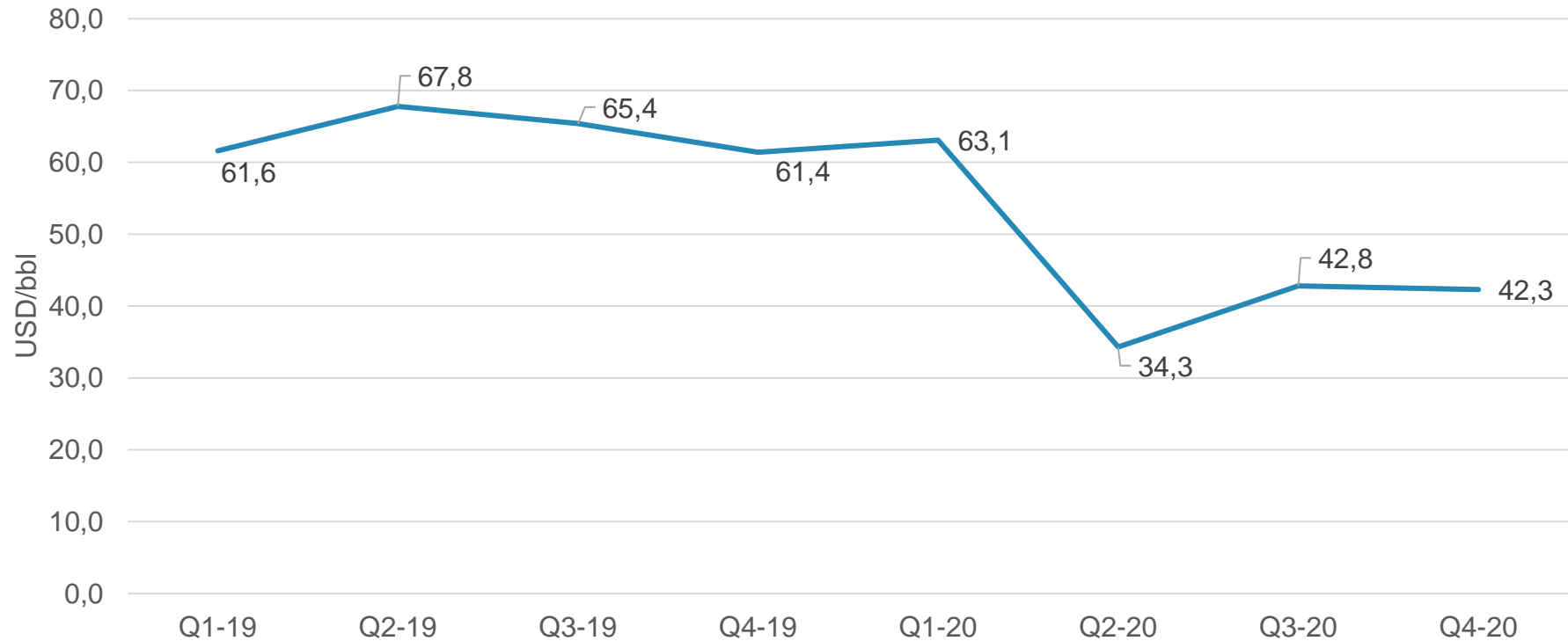
- The board of directors proposes an ordinary dividend of SEK 2.00 per share (2020: SEK 2.00), to be paid after AGM 2021
- The board of directors proposes an extraordinary distribution of SEK 2.00 by way of a mandatory share redemption programme following 2021 AGM (2020: SEK 3.00)
- Tethys Oil has distributed more than MUSD 100 to the shareholders 2015-2020
- Tethys Oil has since 2014 repurchased shares for more than MUSD 20

Production, Blocks 3&4



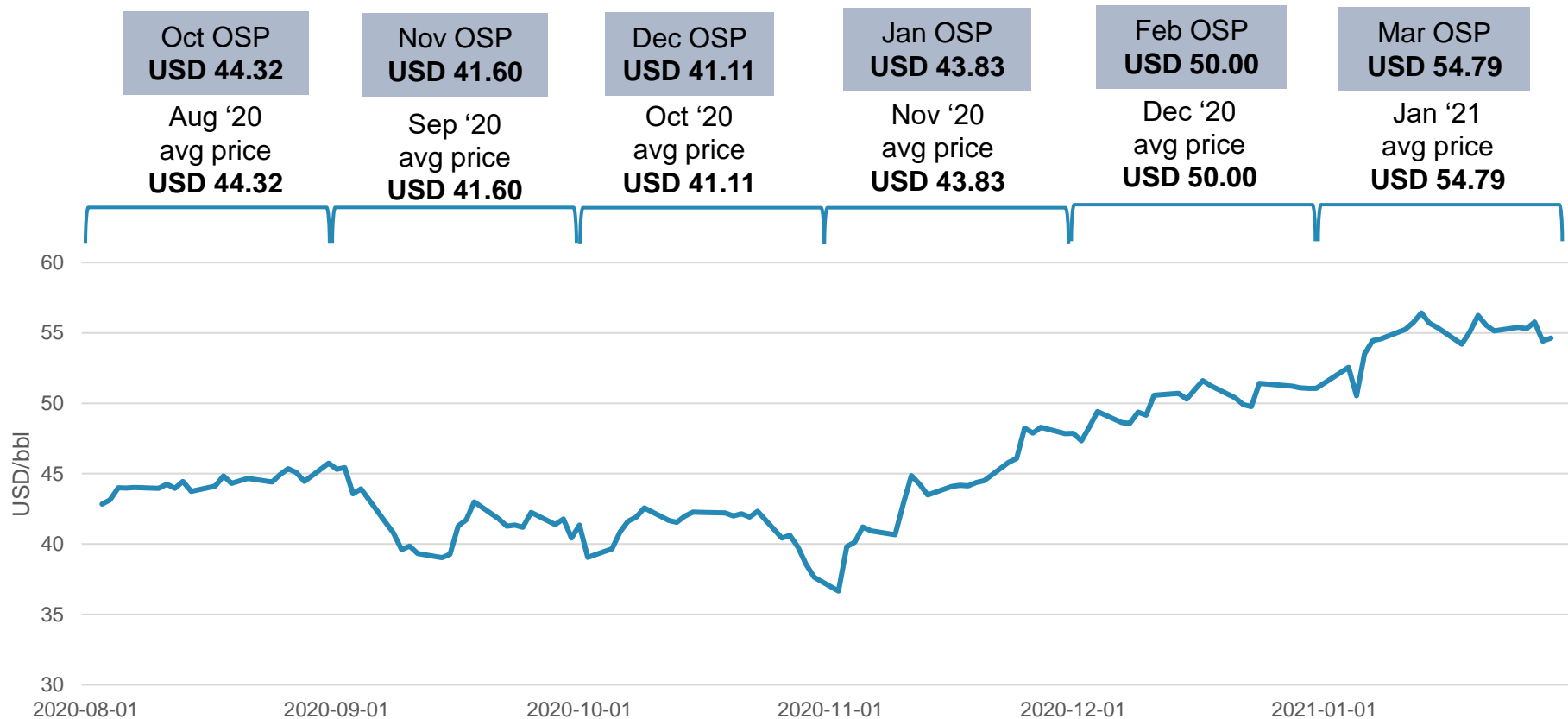
- Oman oil production subject to production limitations under OPEC+. Blocks 3&4 subject to limitations since May
- Average daily production of 11,072 bopd, up 4% from 10,651 bopd in Q3-20
- Blocks 3&4 was permitted to continue to produce at a level somewhat higher than the communicated production quotas

Achieved price per barrel



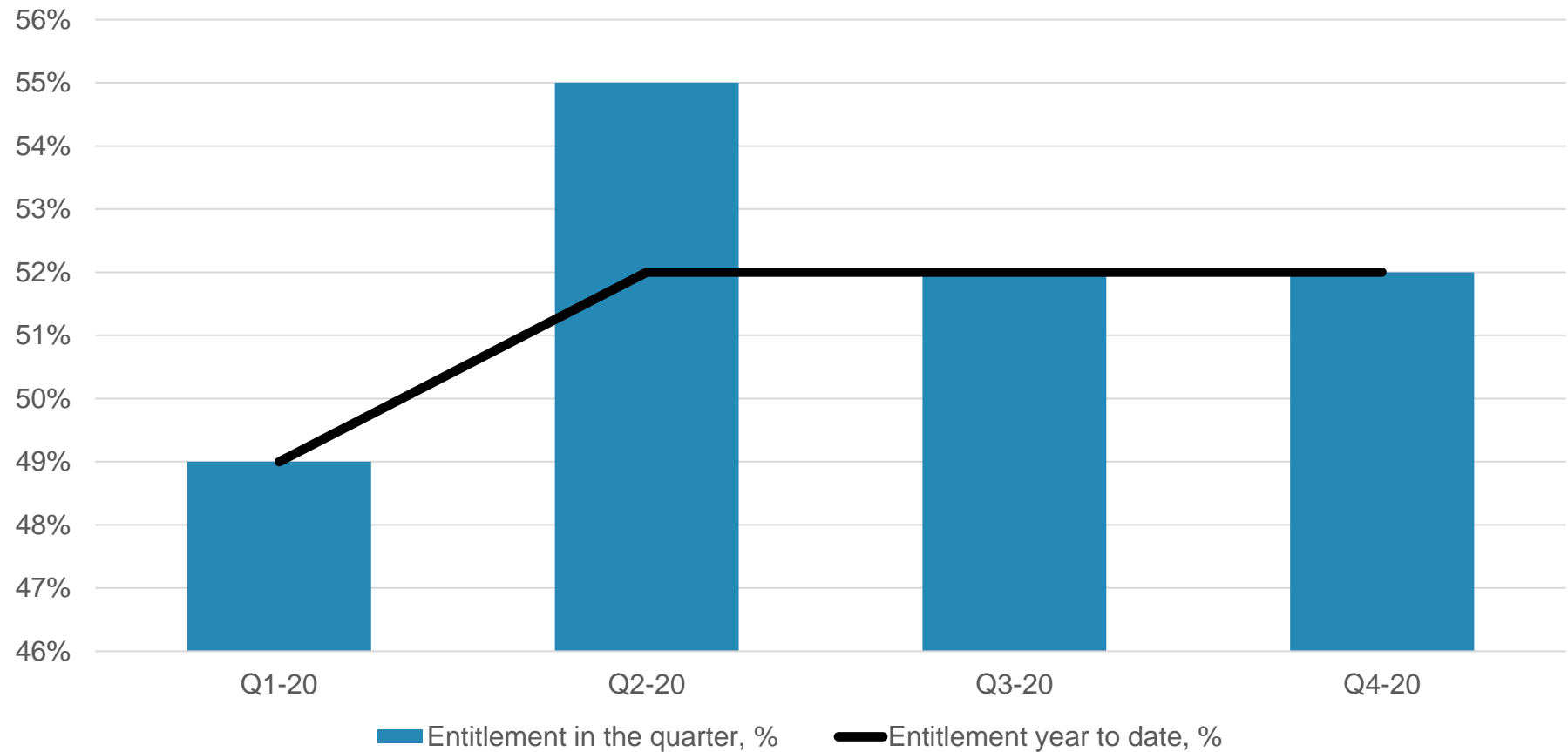
- Achieved price down 1% to USD 42.3/bbl, (Q3-20:USD 42.8/bbl)
- 2-month lag in the calculation of the OSP - sharp drop in oil prices starting March 2020 had an impact on achieved prices starting in May 2020

Official Selling Price (OSP)



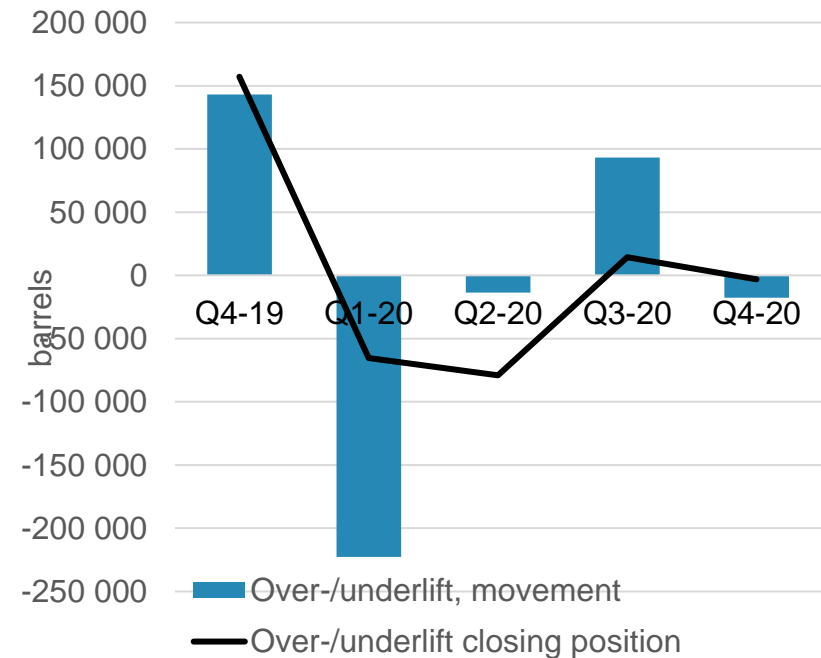
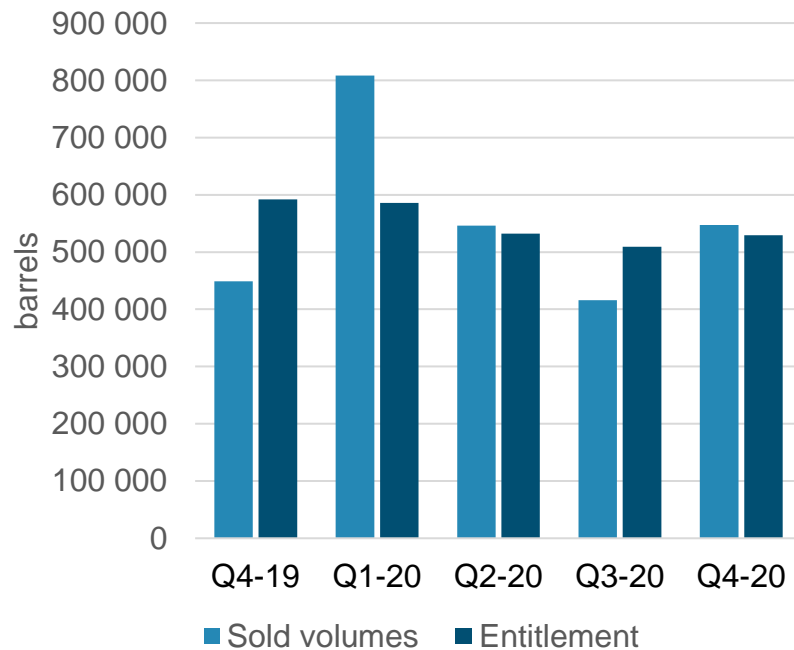
- The OSP is calculated from the average price of the front month contract for Oman export blend as traded on the Dubai Mercantile Exchange
- Q1-21 unweighted average OSP at USD 50/bbl

Net entitlement



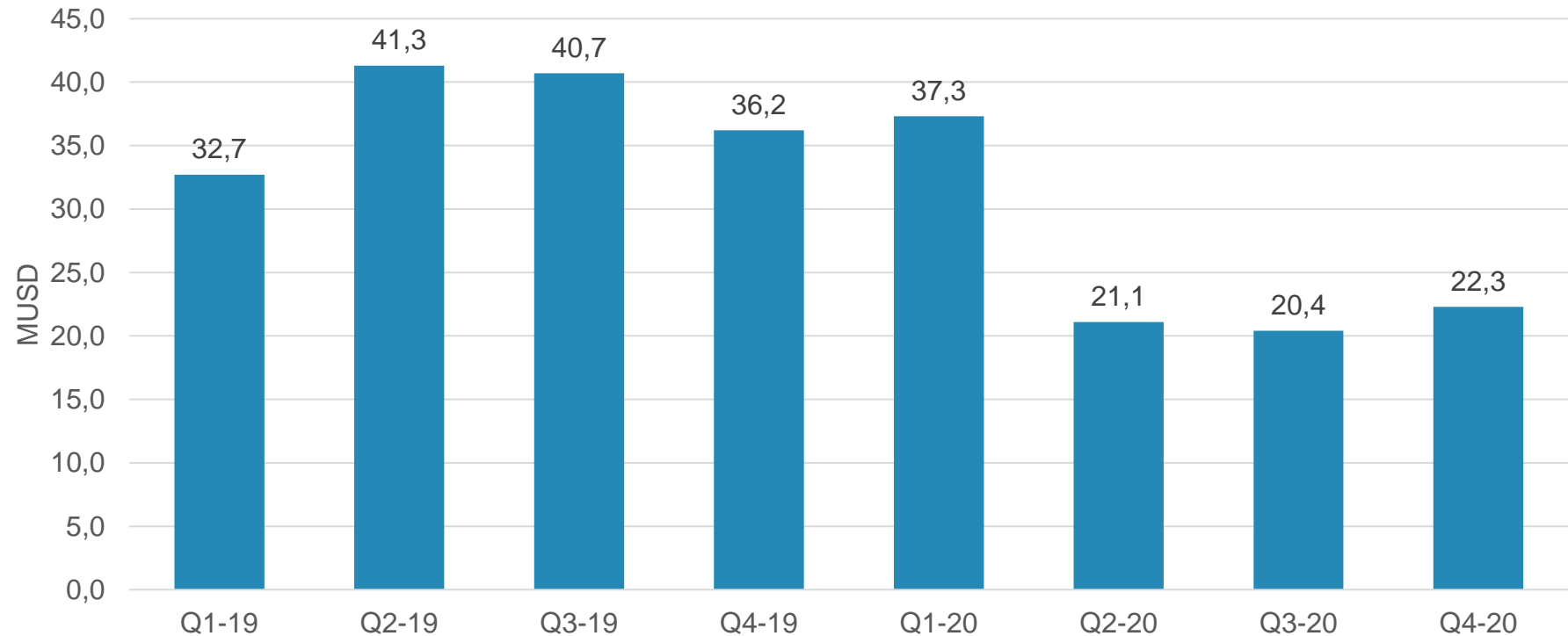
- Unutilised entitlement (cost oil) can be carried forward later in the year
- Full year entitlement can never exceed 52%

Over/underlift



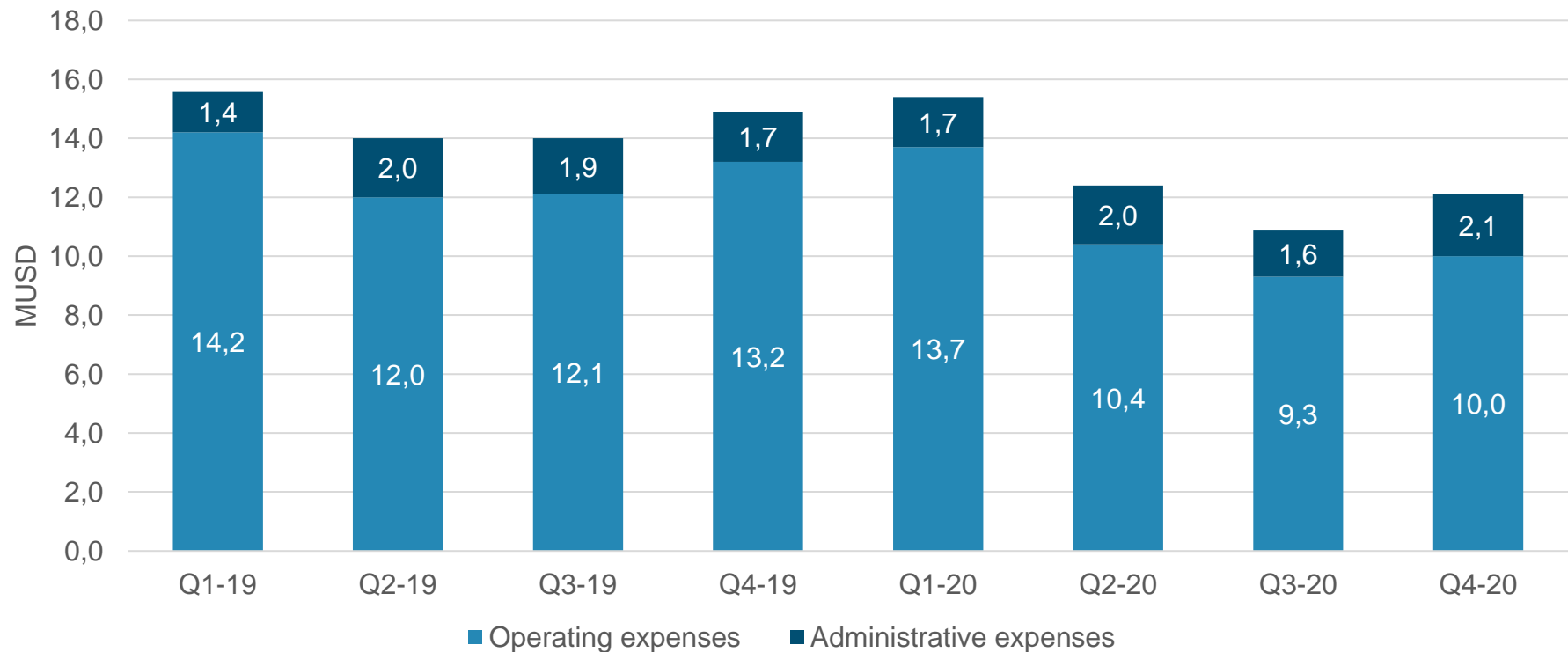
- Liftings nominated 2-3 months ahead of time resulting in potential over/underlift vs actual production
- Tethys Oil is contractually obliged to hold a neutral over/underlift position over time resulting in corrections in lifted volumes

Revenue and other income



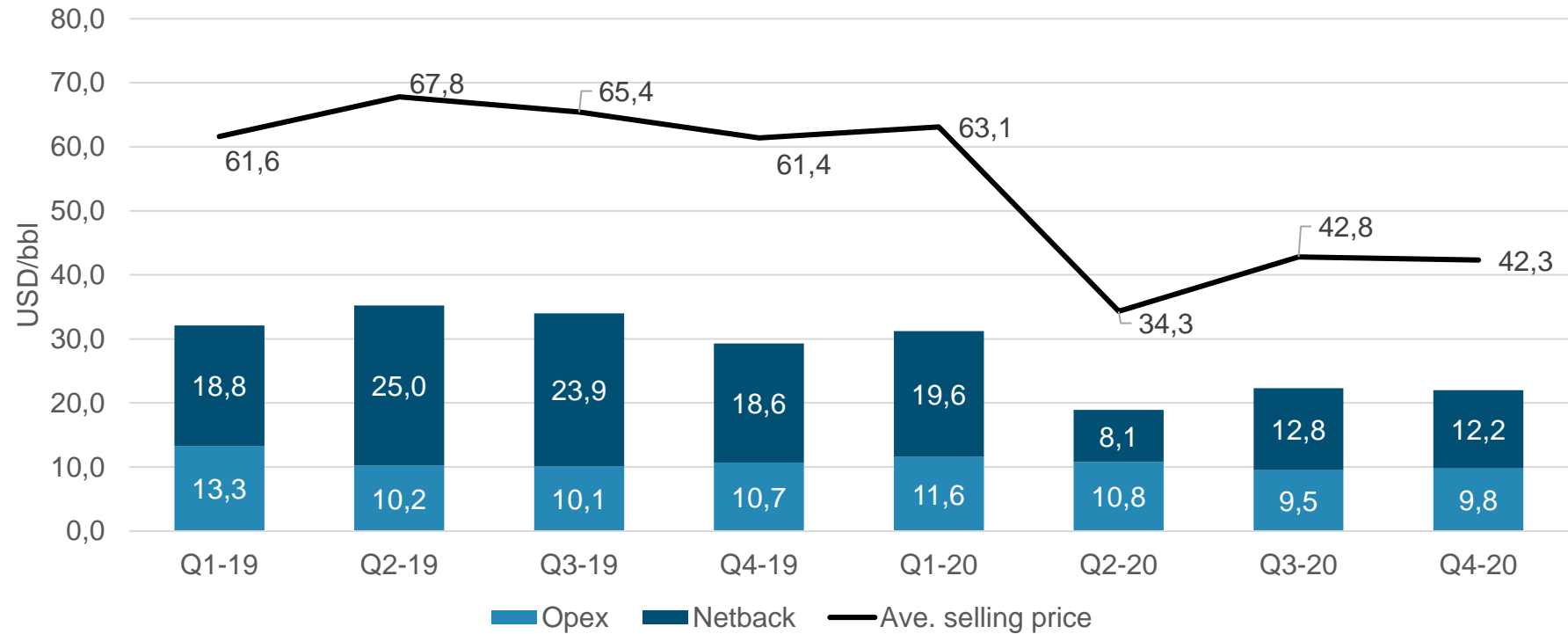
- Q4-20 Revenue and other income amounted to MUSD 22.3, up 9% compared with Q3-20 due to higher volumes of oil produced

Expenses



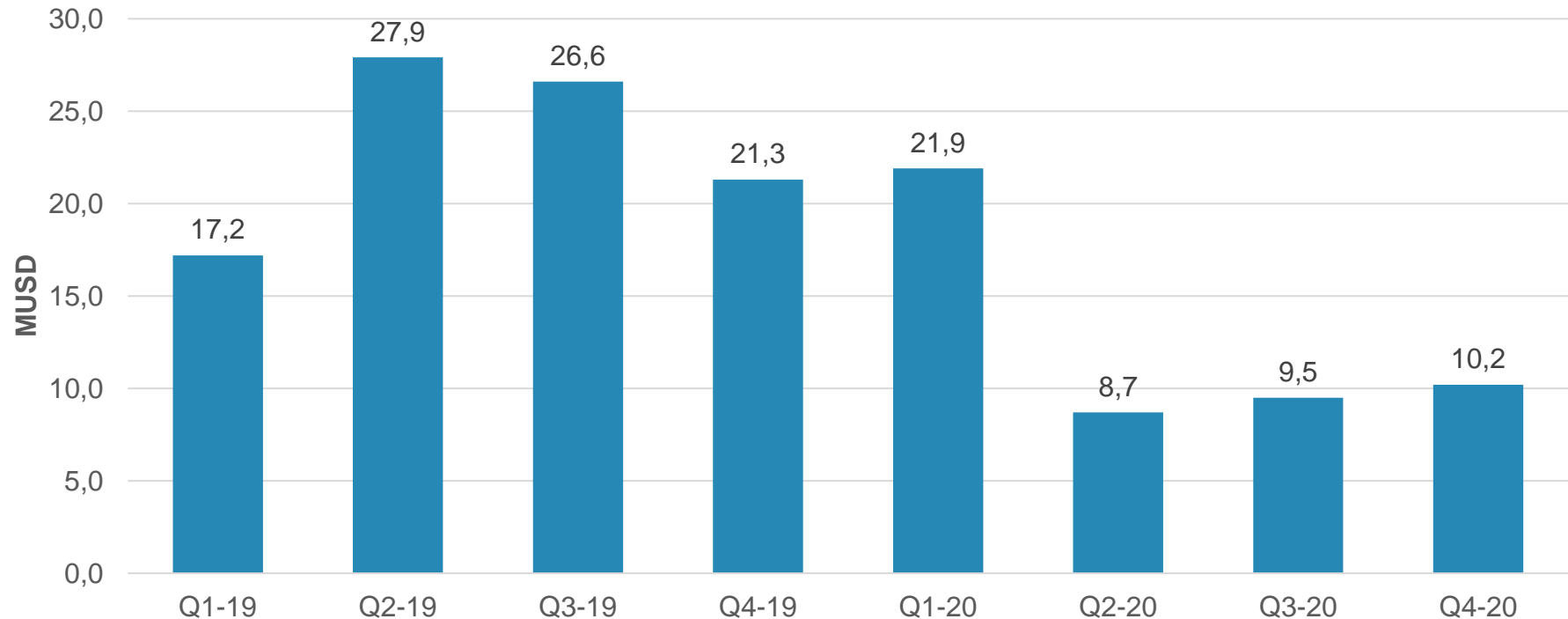
- Opex in Q4-20 amounted to MUSD 10.0, up 8% compared to MUSD 9.3 in Q3-20 due to the effect of higher production as well as increased well workovers necessary for opening up of more wells
- Admin costs in Q4 were higher compared to Q3-20 mainly due to staff costs including a shift in timing for recognition of variable compensation

Opex and Netback* per barrel (USD/bbl)



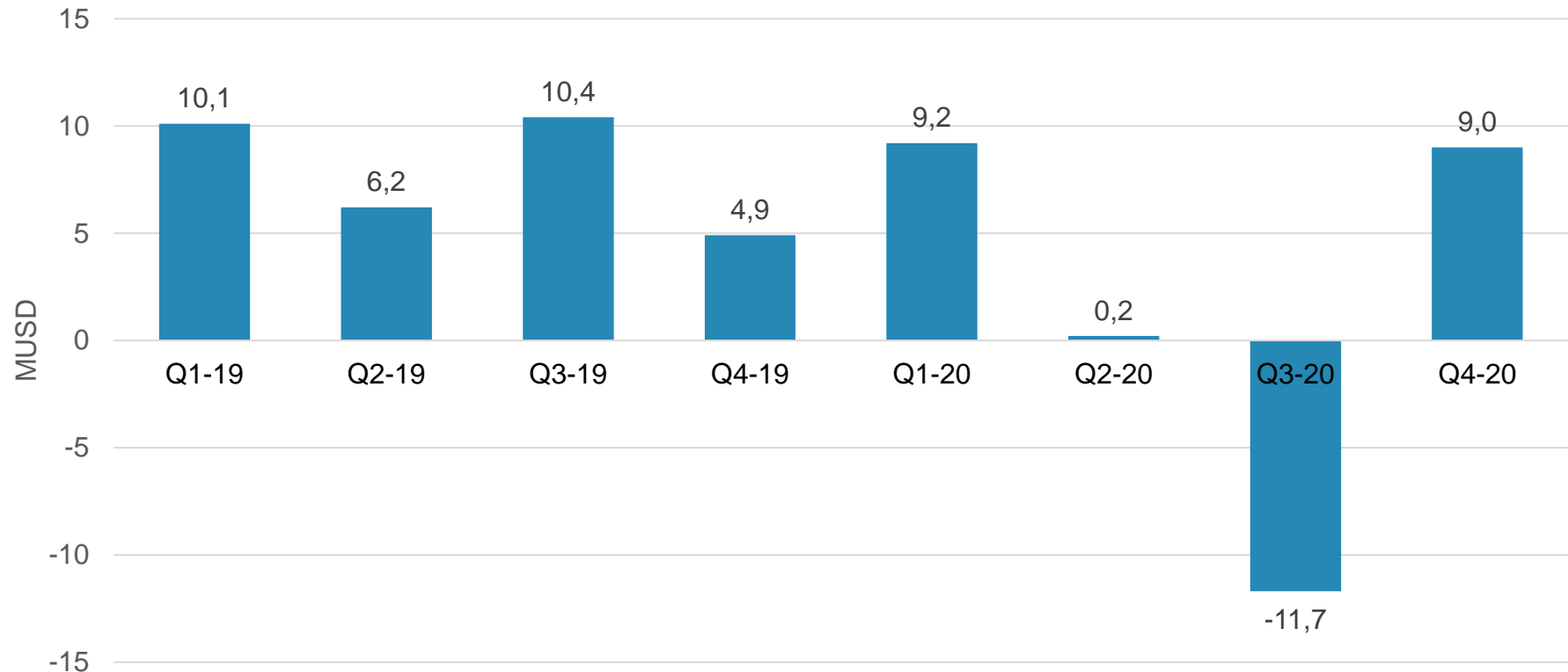
- Netback down 5% in Q4-20 compared with Q3-20 due to the lower achieved oil price and higher operating expenses

EBITDA



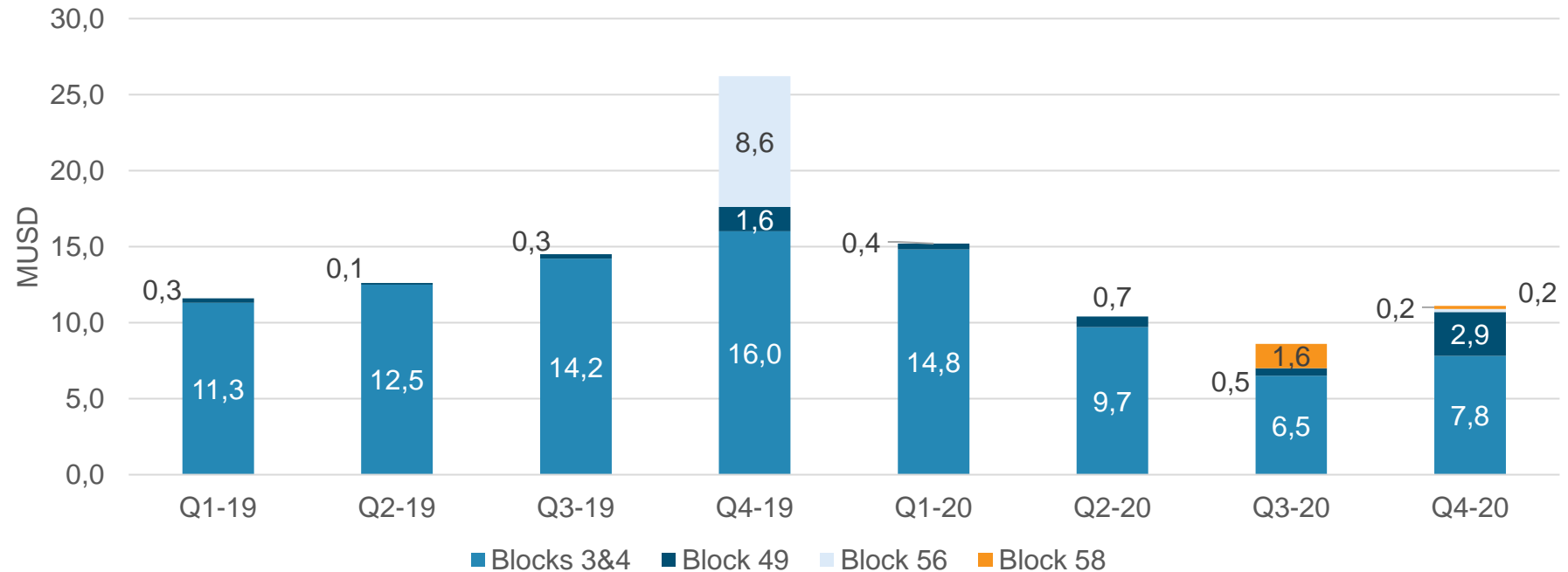
- EBITDA of MUSD 10.2 in Q4-20, up 7% compared with Q3-20
- EBITDA margin of 46% in Q4-20, compared with 47% in Q3-20

Free cash flow



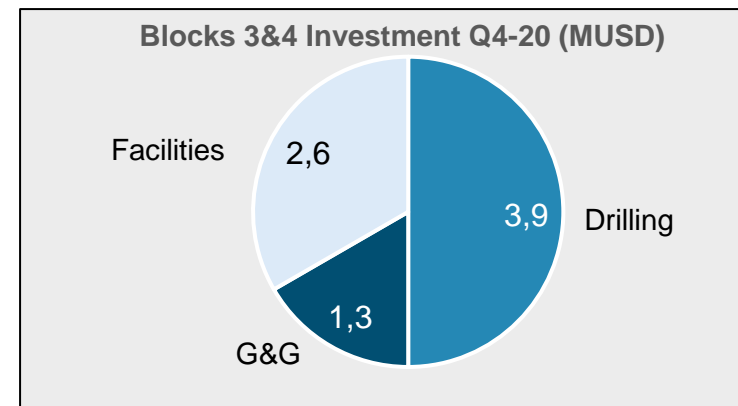
- Free cash flow in Q4-20 of MUSD 9.0, up from MUSD -11.7 in Q3-20
- Free cash flow in Q3-20 was negative affected by working capital effect of MUSD -12.3 following timing of liftings

Investments in Oil and Gas assets



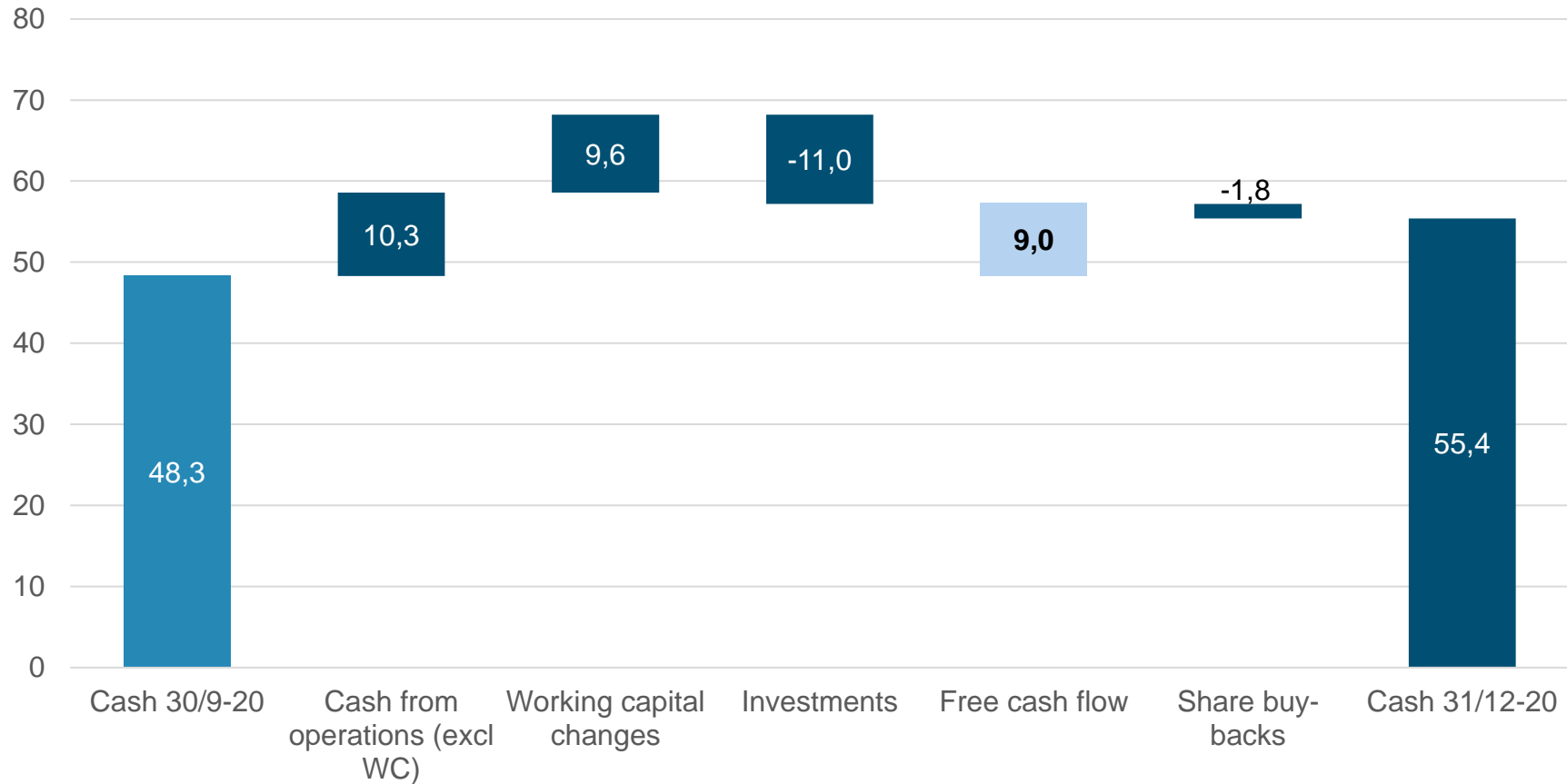
Investments in Oil and Gas assets Q4-20:

- Blocks 3&4 – MUSD 7.8 (MUSD 6.5 in Q3-20)
- Block 49 - MUSD 2.9 (MUSD 0.5 in Q3-20)
- Block 56 – MUSD 0.2 (MUSD 0.0 in Q3-20)
- Block 58 – MUSD 0.2 (MUSD 1.6 in Q3-20)



FY 2020 Cash reconciliation

MUSD



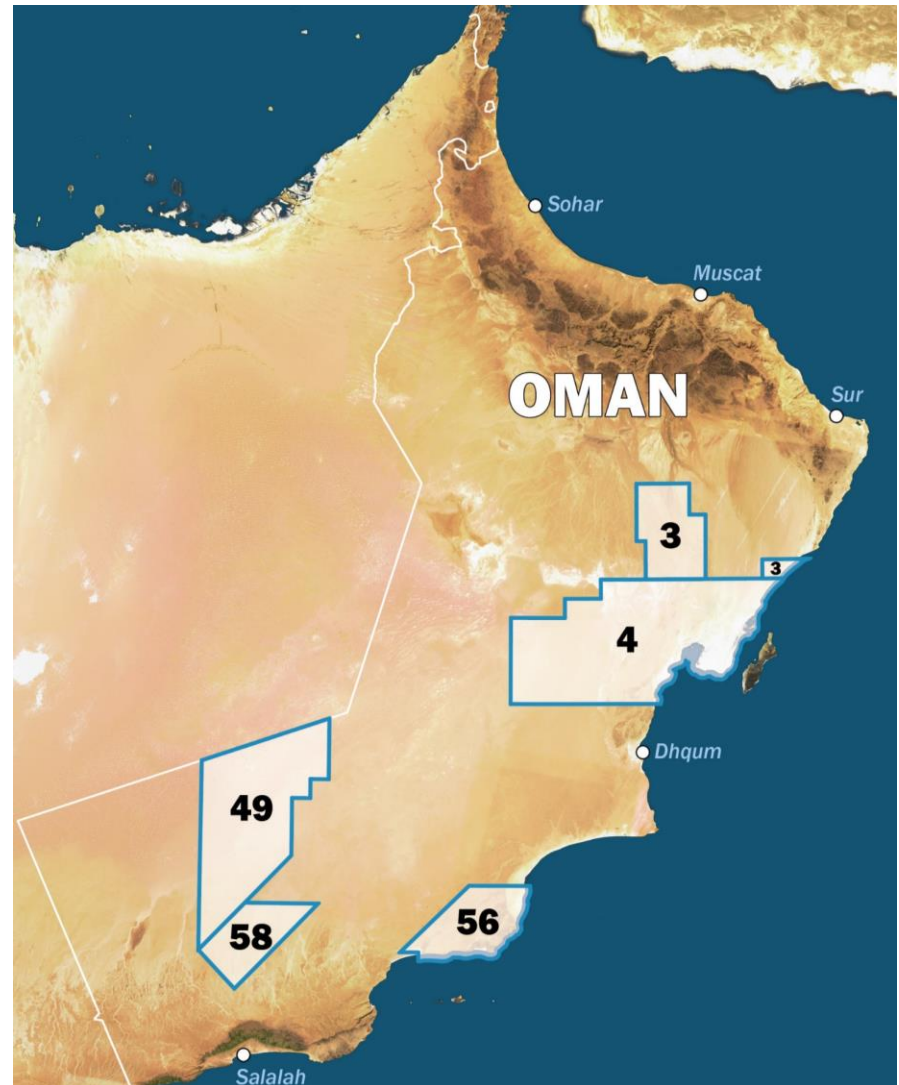
Balance Sheet

<i>(MUSD)</i>	2020-12-31	2020-09-30	2019-12-31
<i>Assets</i>			
Oil and gas properties	215.3	212.9	211.7
Other assets	9.6	14.0	12.9
Cash and cash equivalents	55.4	48.3	75.6
Total assets	280.3	275.2	300.2
<i>Liabilities</i>			
Shareholders' equity	257.7	260.1	276.3
Total liabilities	22.6	15.1	23.9
Total shareholders' equity and liabilities	280.3	275.2	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

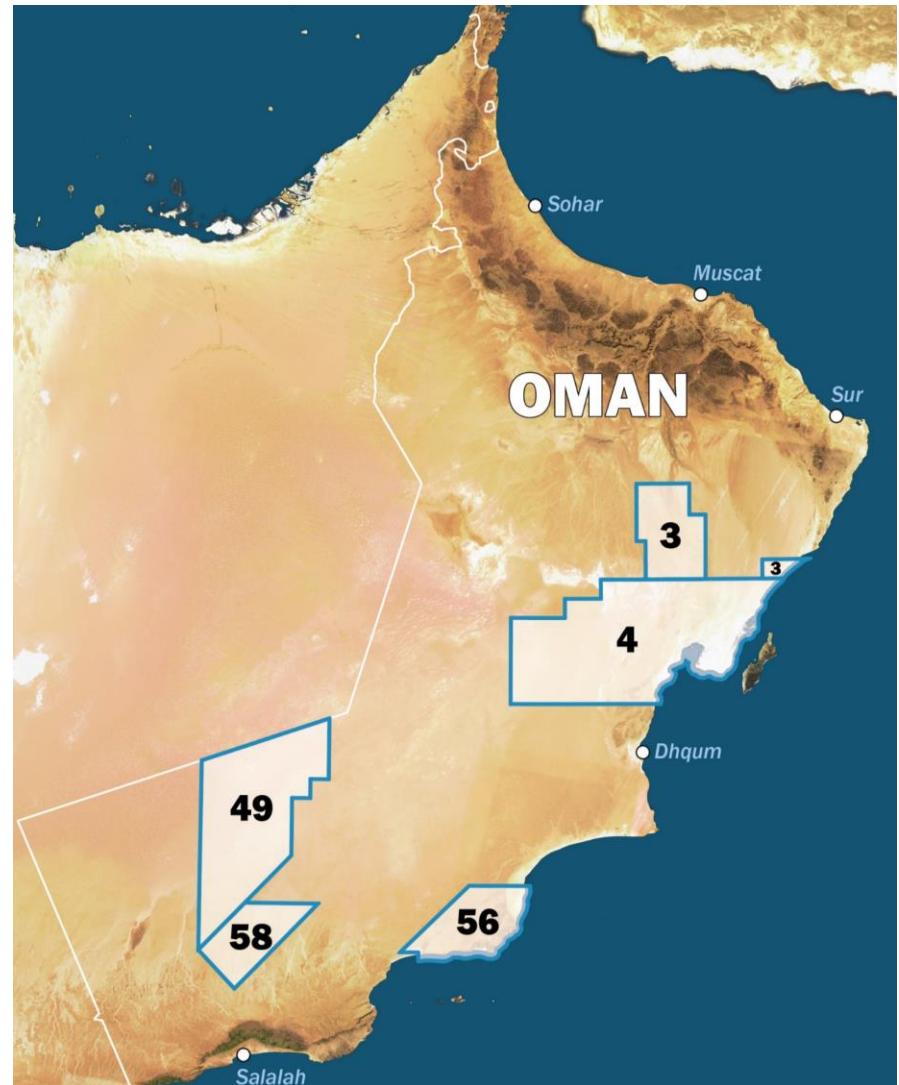
- Tethys Oil 50%* (Operator)
- Signed in Q4-17
- EPSA: initial exploration period of 3 + 3 years
- Total area: 15,439 km²

Block 56

- Tethys Oil 65%* (Operator), Medco 5%, Biyaq 25% and Intaj 5%
- Signed in Q4-19
- EPSA: renewed 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



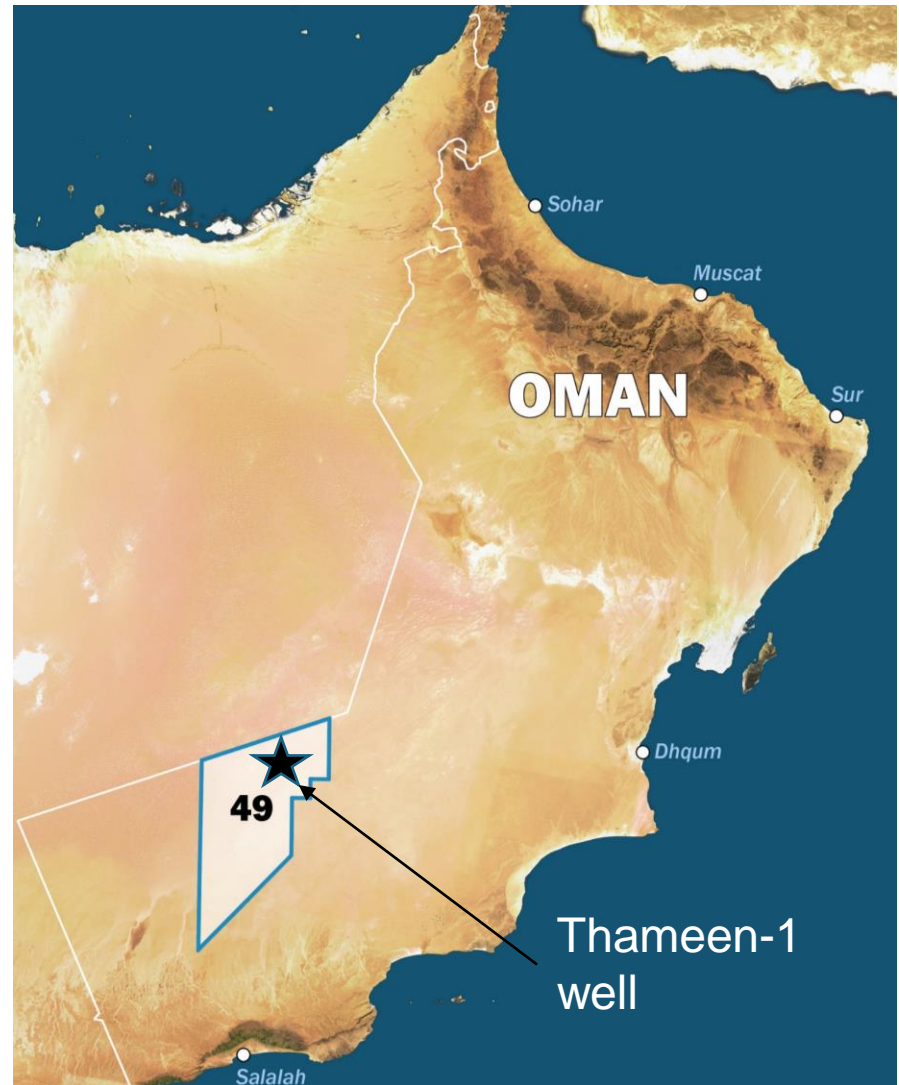
Blocks 3&4

- Wells drilled in Q4-20
 - 1 Production well
 - 1 Water injection well
 - 1 Exploration 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 completed with good oil flows.
- **Work programme 2021:**
Continued development drilling, upgrading infrastructure with focus on asset integrity and debottlenecking, continue gas utilization project and the drilling of exploration wells.



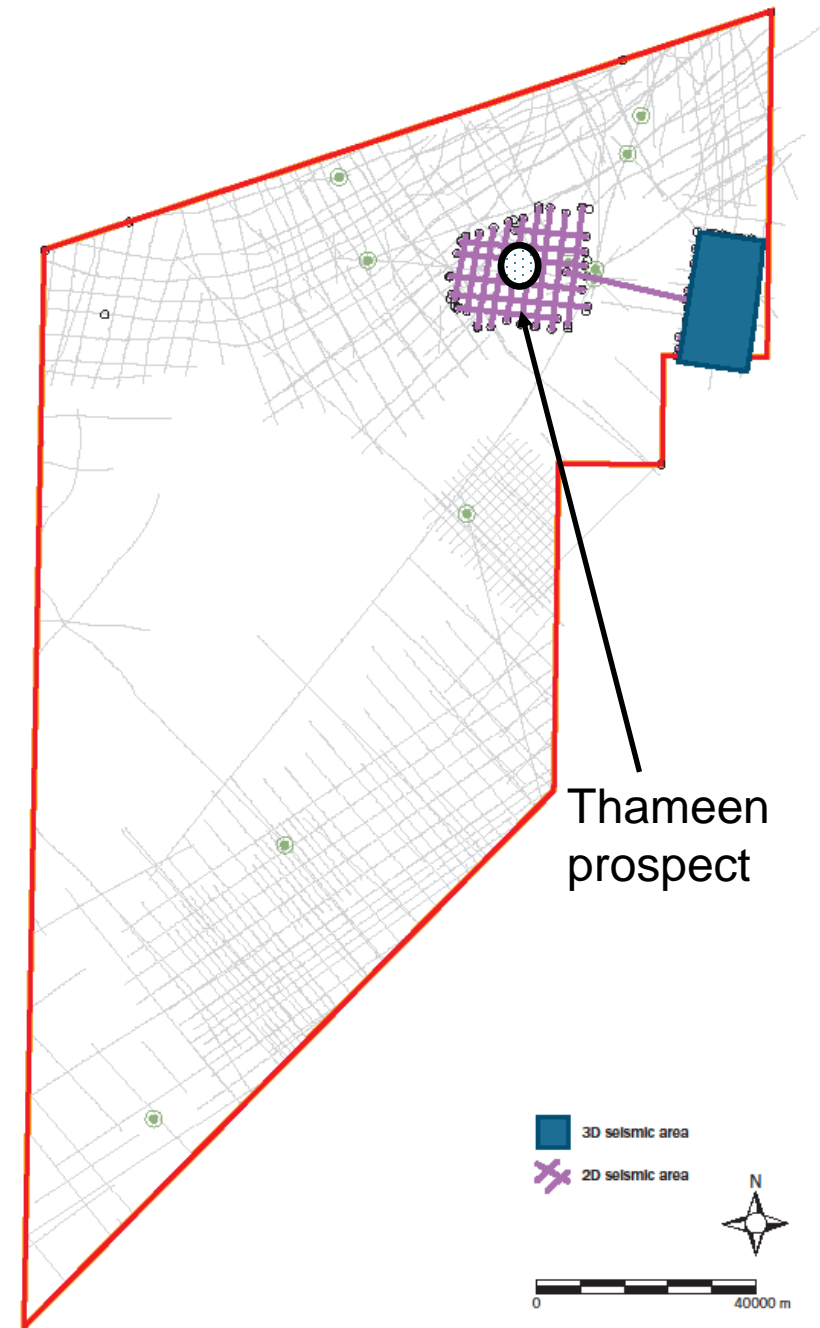
Block 49

- Farmout of 50% to EOG Resources in Nov 2020 - consideration up to MUSD 15 (subject to government approval)
- EOG have option to assume operatorship and increase 85% for operations relating to unconventional hydrocarbon resources

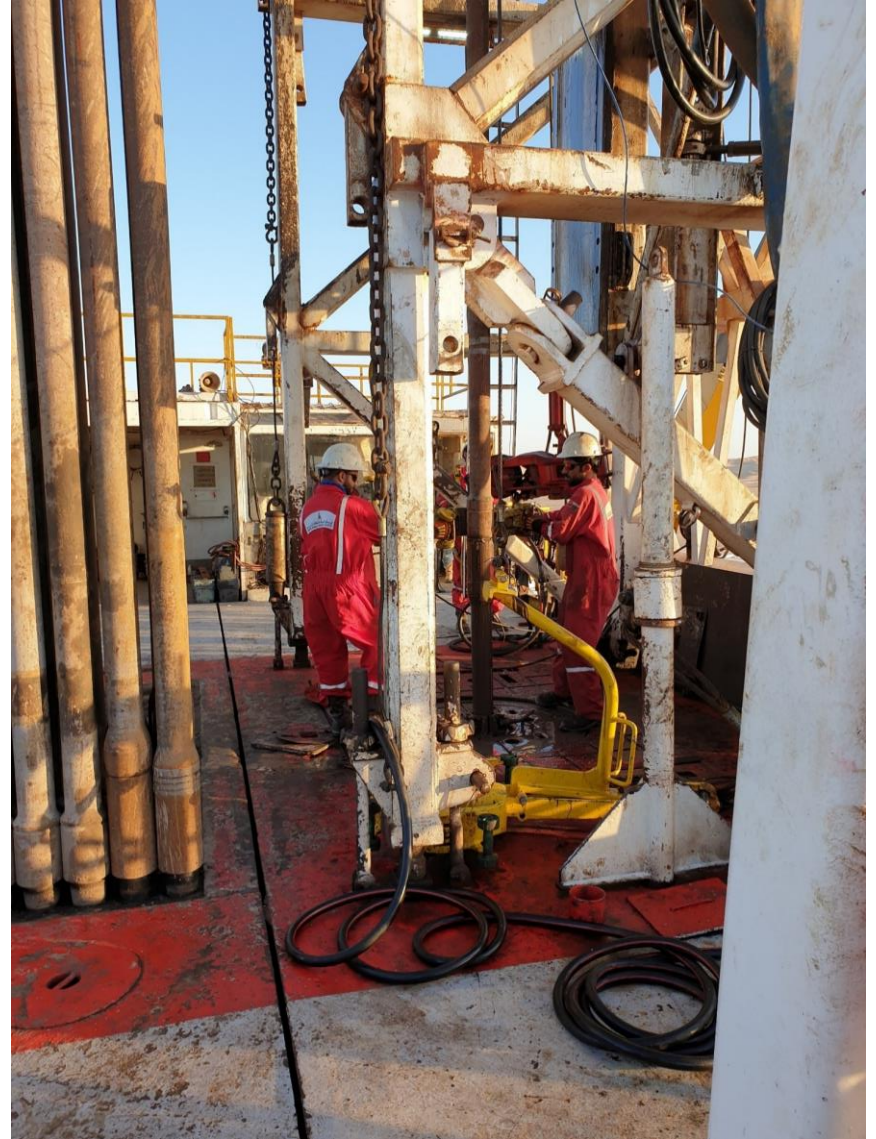


Thameen-1, Block 49

- Thameen-1 well spudded on 31 Dec 2020
- Planned to be drilled to depth of 4,000m
- Drilling operations expected to last 45 days
- **Primary target:** Late Ordovician Hasirah Sandstone layer at 3,500 metres (TVD)
- **Secondary target:** Mid-Ordovician Saih Nihayda Sandstone at 3,700 metres (TVD)
- Also investigate the Gharif Sandstone and give data to assess overall potential for conventional and unconventional hydrocarbons
- **Work programme 2021:** to complete drilling, testing and evaluation of Thameen-1



The drilling of Thameen-1

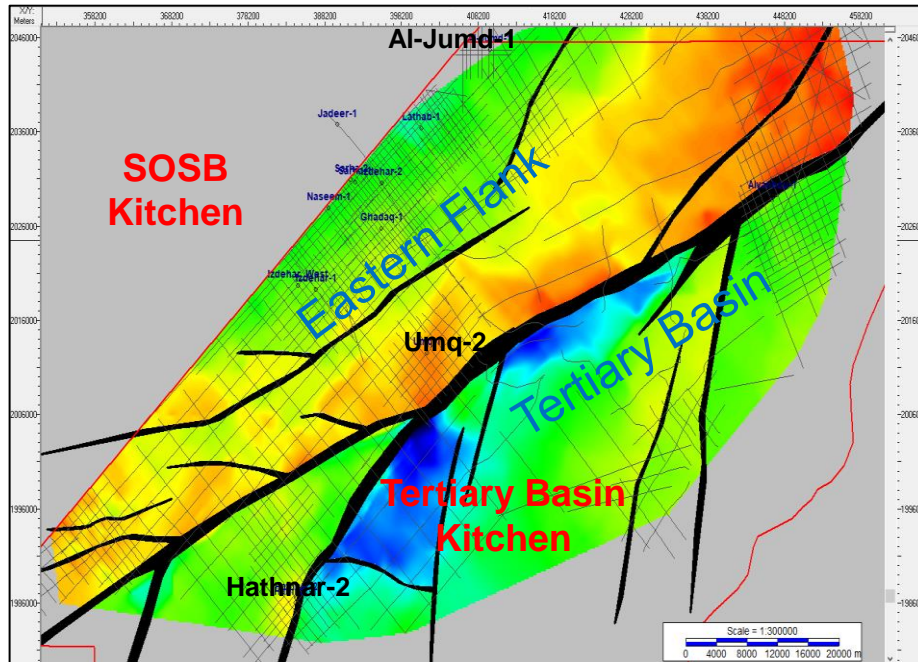


Block 56

- 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
- Q4-20: The work with assessing the potential of the Block continued and the work programme for 2021 was prepared.
- **Work programme 2021:** evaluating Al Jalmud area with up to 3 wells, planning 3D seismic acquisition in central area of the block

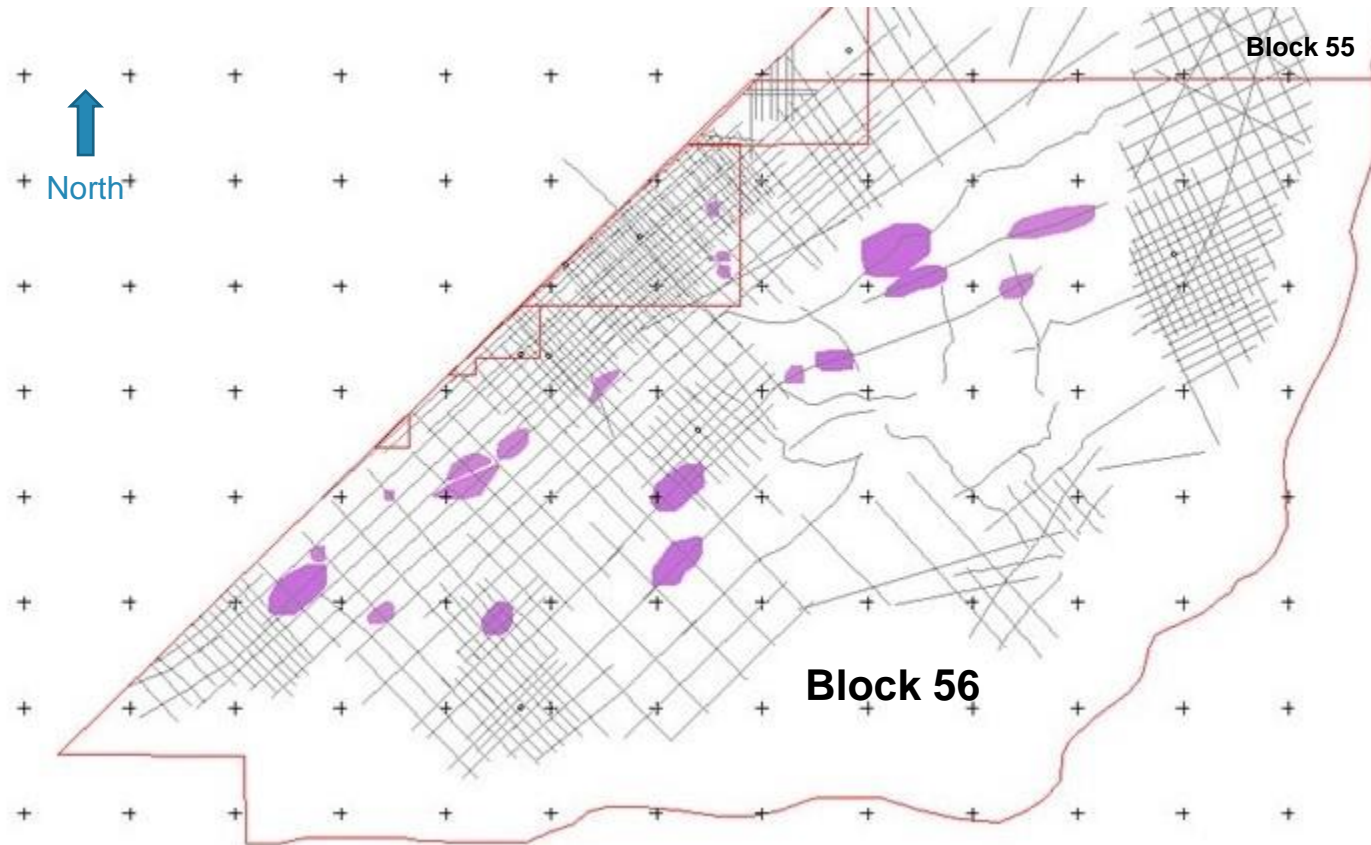


Block 56 geology



- 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

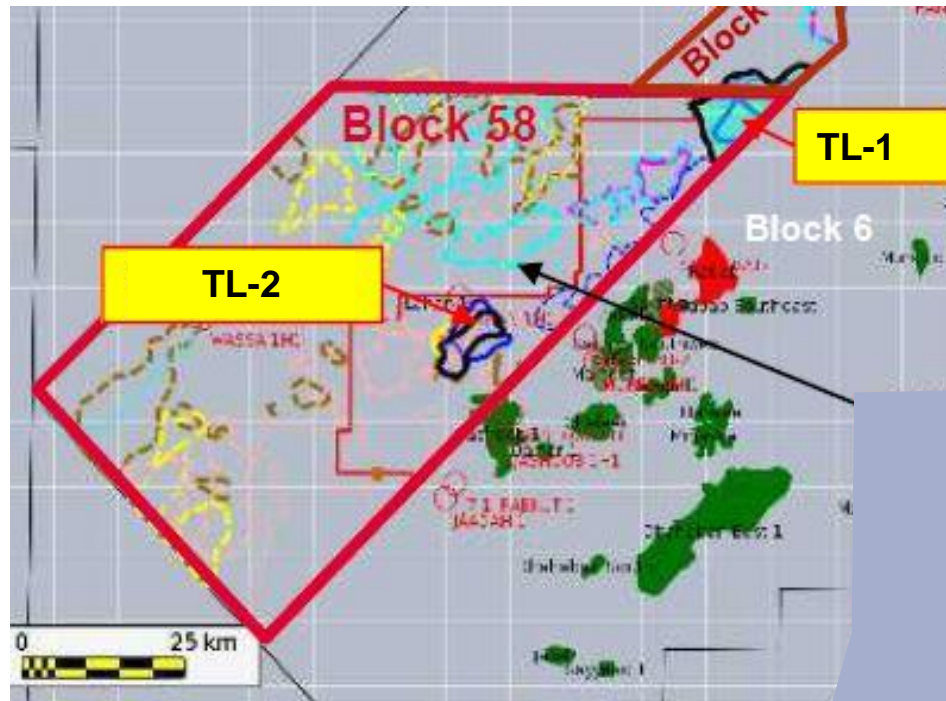


Block 58

- 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 reviewed in Q4-20
- **Work programme 2021:** reprocessing of legacy 3D seismic data and conducting a new 3D seismic acquisition



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

Financial guidance 2021

- **Investments: MUSD 47**
 - Block 3&4: MUSD 32
 - Block 49: MUSD 5
 - Block 56: MUSD 5
 - Block 58: MUSD 5
- **No production guidance for 2021. Tethys will continue to issue monthly production updates**
 - Monthly production expected to continue to fluctuate
 - OPEC+ production limitation agreement is still in place
 - Oil demand could remain volatile as the Covid-19 pandemic is not over
 - For the time being, Tethys elects to not issue any guidance regarding production, operating expenses and net entitlement but will continue to publish monthly production updates

Summary and Outlook

- **Strong end to turbulent year**
- **Positive free cash flow**
- **Reserve Replacement Ratio 120%**
- **Highest 2P reserves ever at 26.9 mmbo**
- **Continued significant cash distribution to shareholders**
- **Comprehensive exploration programme on all blocks in 2021**
- **Thameen-1 exploration results expected before end of February**
- **Able to continue distribution to shareholders without holding back on plans for growth**

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Tethys Oil

Q1 2021

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