



Tethys Oil

Q2 2021
10 August 2021



Q2-21 Highlights

**11,030
bopd**
Production

**Achieved
oil price**
up 28% to
USD 59.7/bbl

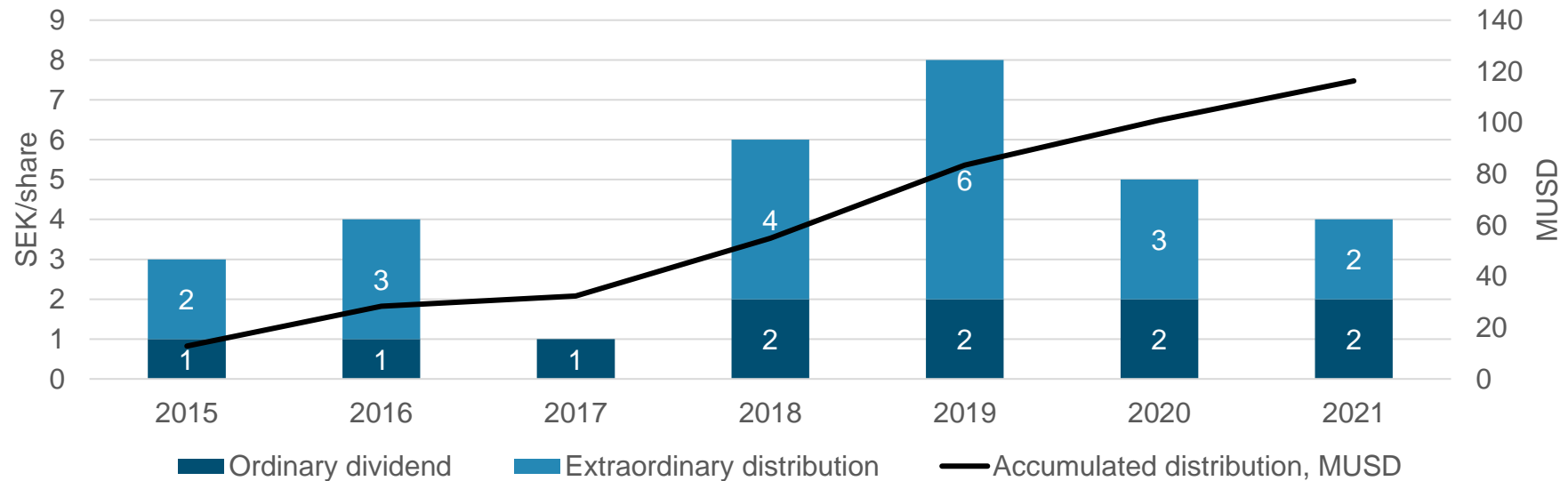
Production
Tethys hopeful
2H average
production will
exceed 1H

Block 49
Thameen-1:
good porosity
low
permeability

Block 56
drilling
preparations
ongoing

Block 58
seismic
campaign
preparations
ongoing

Distributions to shareholders continued



- An ordinary dividend of SEK 2.00 per share (2020: SEK 2.00) was paid in May 2021
- An extraordinary distribution of SEK 2.00 per share by way of a mandatory share redemption programme following, completed in June 2021 (2020: SEK 3.00)
- Tethys Oil has distributed some MUSD 120 to the shareholders 2015-2021
- Tethys Oil has since 2014 repurchased shares for more than MUSD 20

Q2-21 Financial highlights

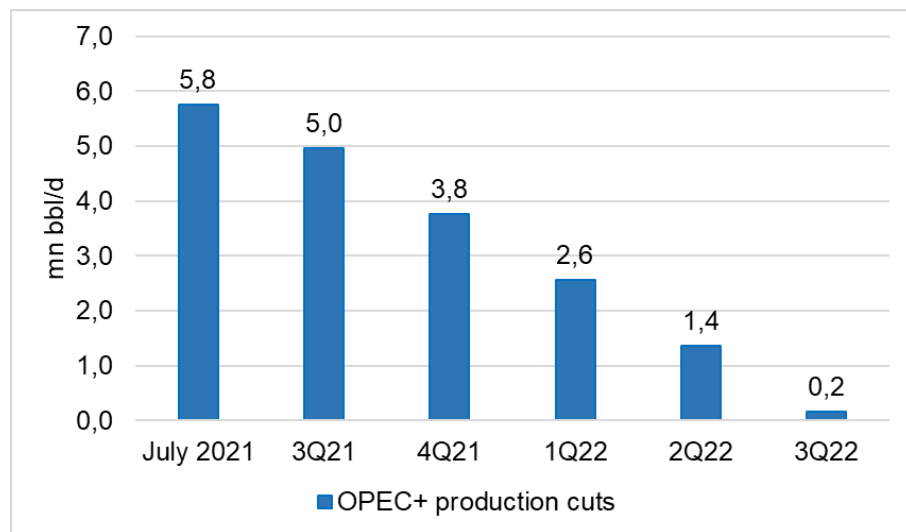
	Q2-21	Q1-21	Q2-20	FY-20
Revenue and other income, MUSD	26.1	25.4	21.1	101.1
EBITDA, MUSD	14.5	12.3	8.7	50.4
Operating result, MUSD	4.3	1.7	-1.7	5.8
Free cash flow, MUSD	4.9	2.3	0.6	6.7
Achieved selling price, USD/bbl	59.7	46.7	34.3	47.7
Opex, USD/bbl	9.9	11.4	10.8	10.5
Netback per barrel	15.2	11.8	8.1	14.4
Ave. daily production, bbl	11,030	11,585	10,597	11,336
Net entitlement	42%	50%	55%	52%

- Achieved oil price increased to USD 59.7 per barrel, up 28 percent from Q1-21
- Netback increased to USD 15.2 per barrel, up 29 percent from Q1-21
- Free cash flow increased to MUSD 4.9, up 113% from Q1-21
- Net entitlement in second quarter 2021 of 42 percent following higher oil prices

Oil supply recovering pushed by solid demand in H1 '21

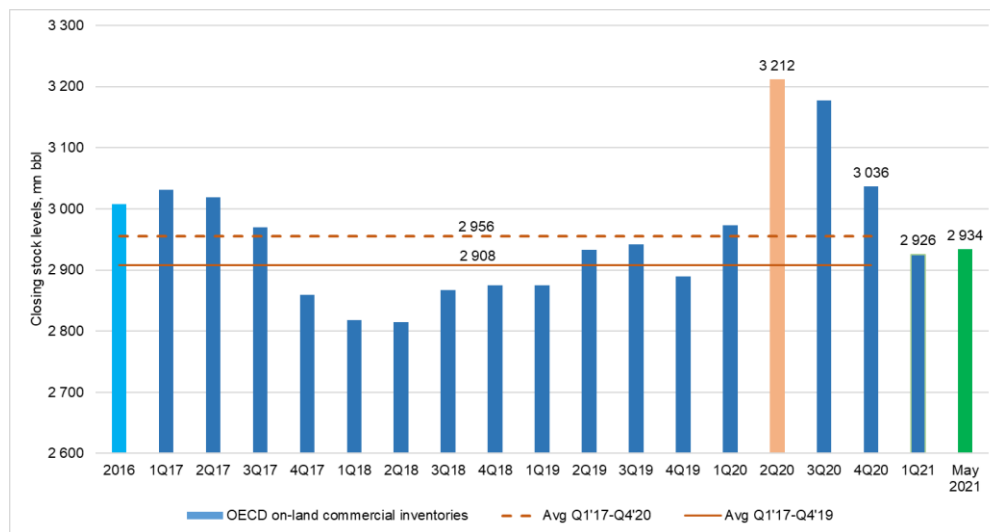
- With the global oil demand recovering, and the crude inventory level coming back to historical averages, OPEC+ reached an agreement to gradually reduce the previously imposed production cut of 5.8mn bbl/d, adding 0.4mn bbl/d every month starting from August 2021
- Full recovery of OPEC+ production is expected by September 2022
(estimated level of OPEC+ production level in July 2021: 40.6mn boe/d)

Expected evolution of OPEC+ production cuts, according to the agreement reached on July 18th 2021



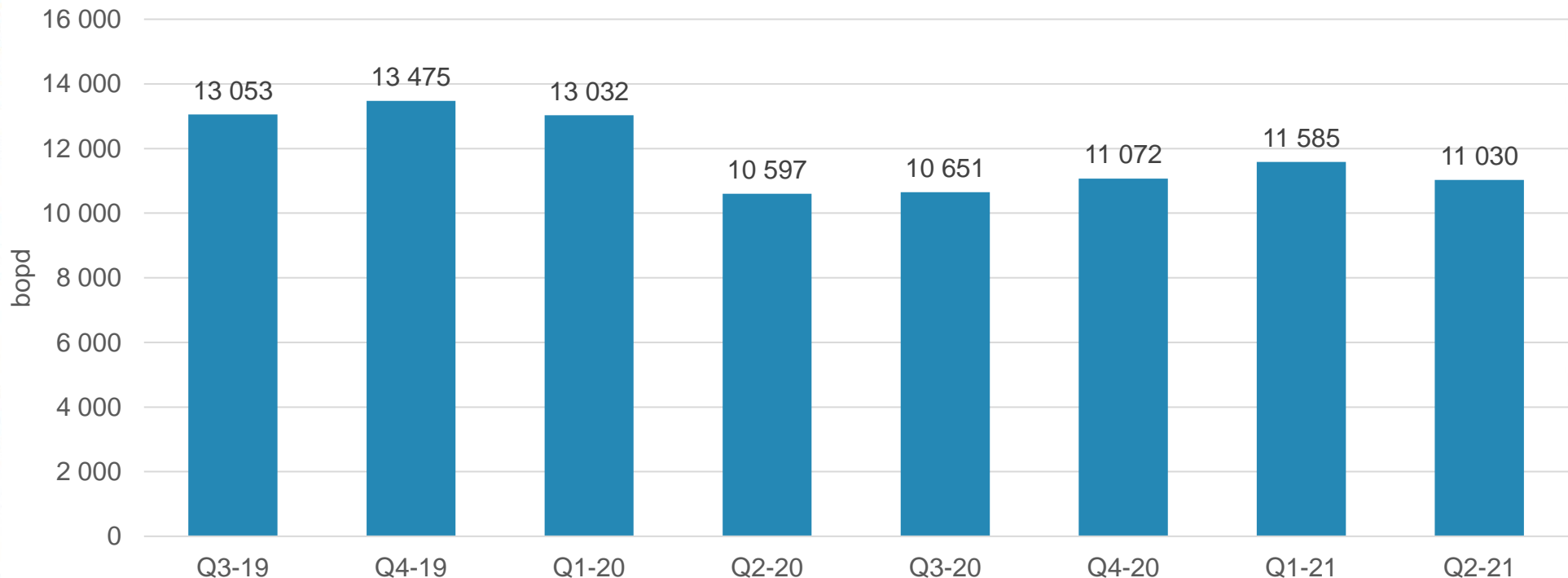
Source: OPEC, July 2021

OECD on-land commercial oil inventories: back to historic average



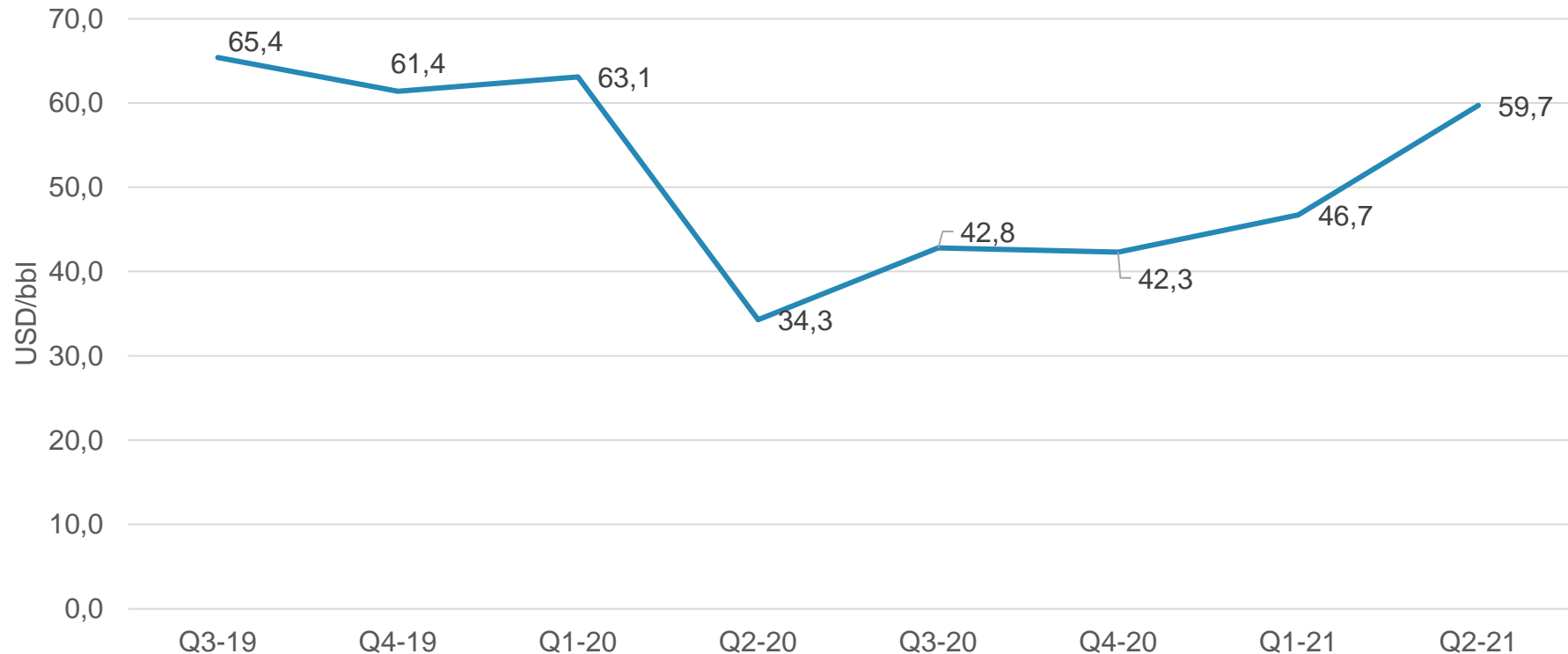
Source: OPEC, July 2021

Production, Blocks 3&4



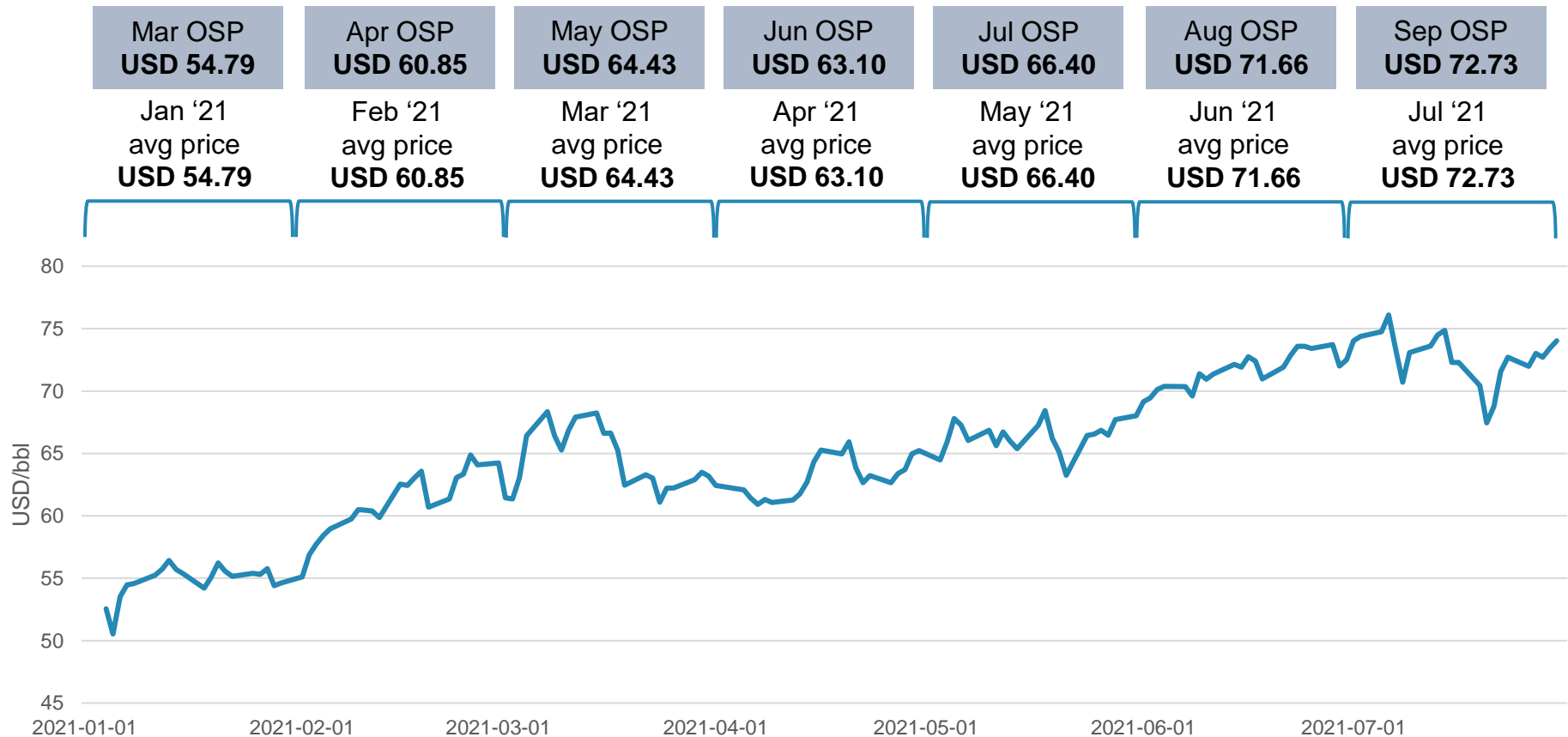
- Oman oil production subject to production limitations under OPEC+. Blocks 3&4 subject to limitations since May 2020
- Average daily production of 11,030 bopd, down 5% from 11,585 bopd in Q1-21
- Tethys Oil is hopeful that average daily production for the second half of the year will be higher than the 11,306 bopd the Company produced during the first half of 2021

Achieved price per barrel



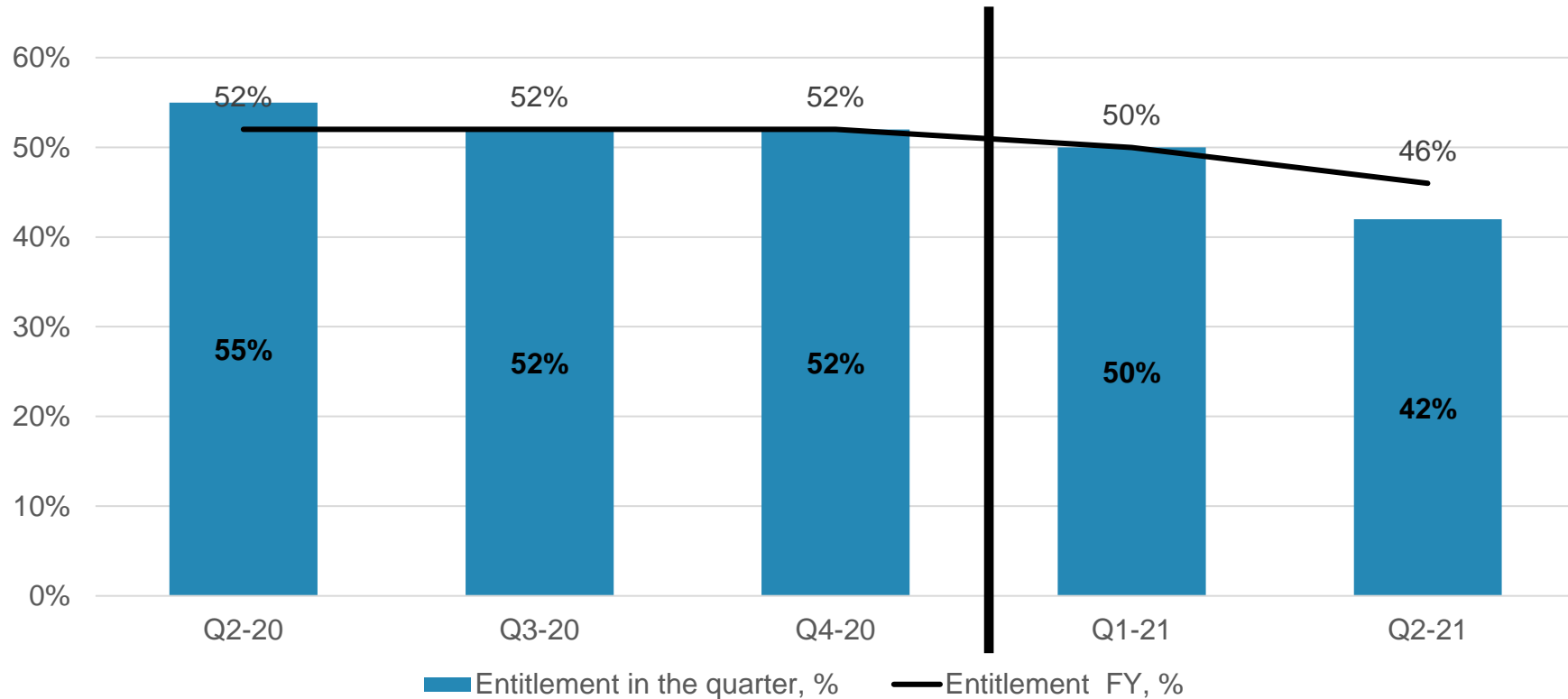
- Achieved price up 28% to USD 59.7/bbl, (Q1-21:USD 46.7/bbl)
- Achieved price is calculated based on revenue (before over/underlift adjustment) and reflects March, April & May pricing, is USD 3.3/bbl lower than if the March lifting had been excluded and June included

Official Selling Price (OSP)



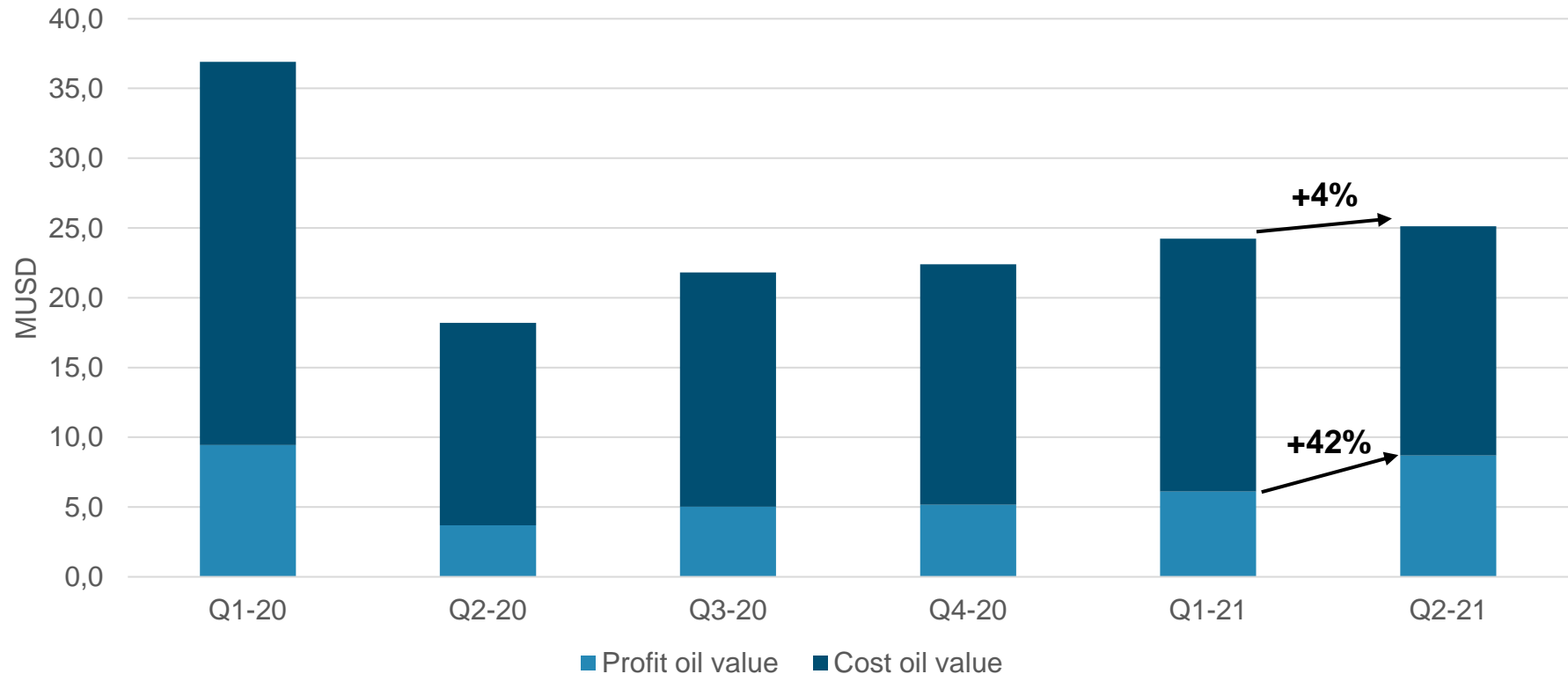
- The OSP is calculated from the average price of the front month contract for Oman export blend as traded on the Dubai Mercantile Exchange
- Q3-21 (incl Jun lifting) unweighted average OSP at USD 68/bbl

Net entitlement



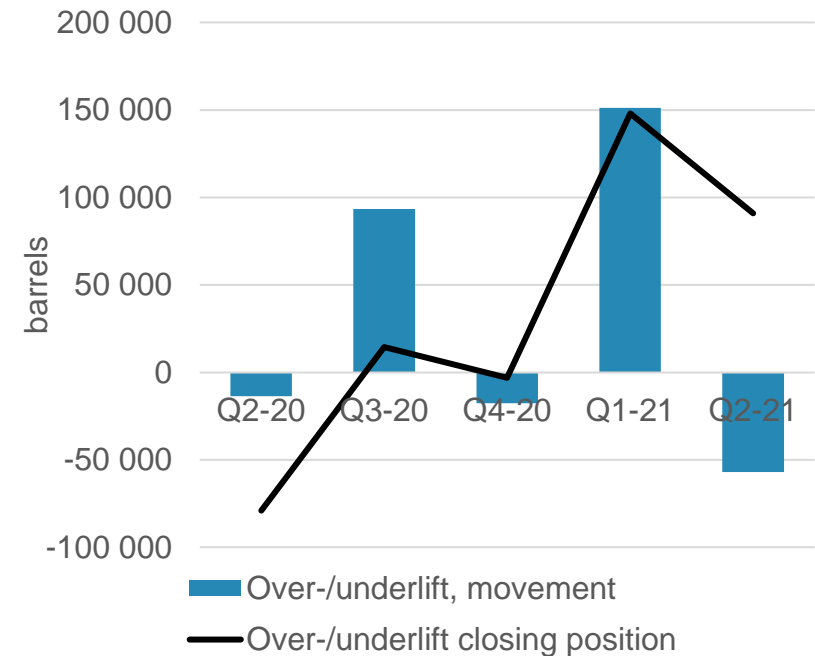
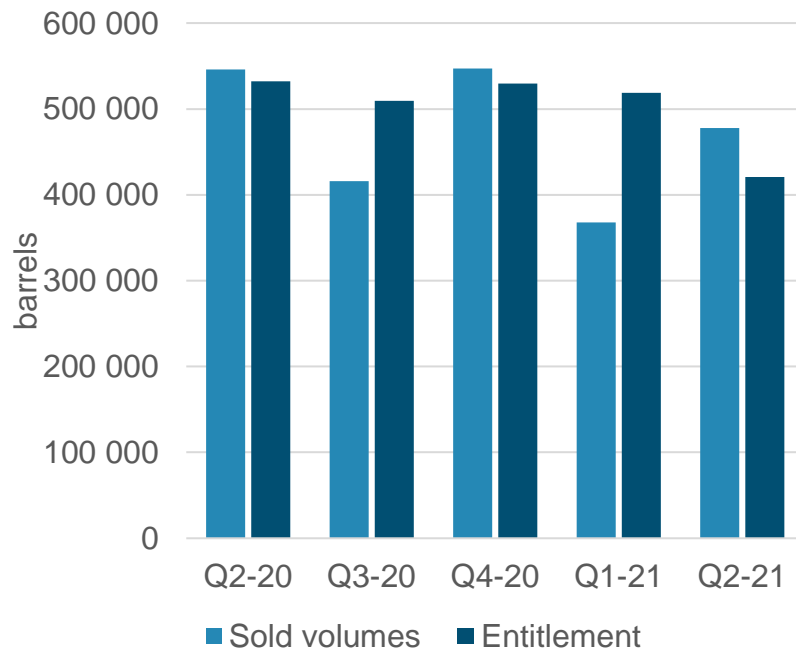
- Net entitlement in second quarter 2021 of 42 percent following higher oil prices and lower recoverable cost
- Un-utilised entitlement (yearly cost oil allowance) can be carried forward later in the year – but not between years

Cost Oil/Profit Oil split



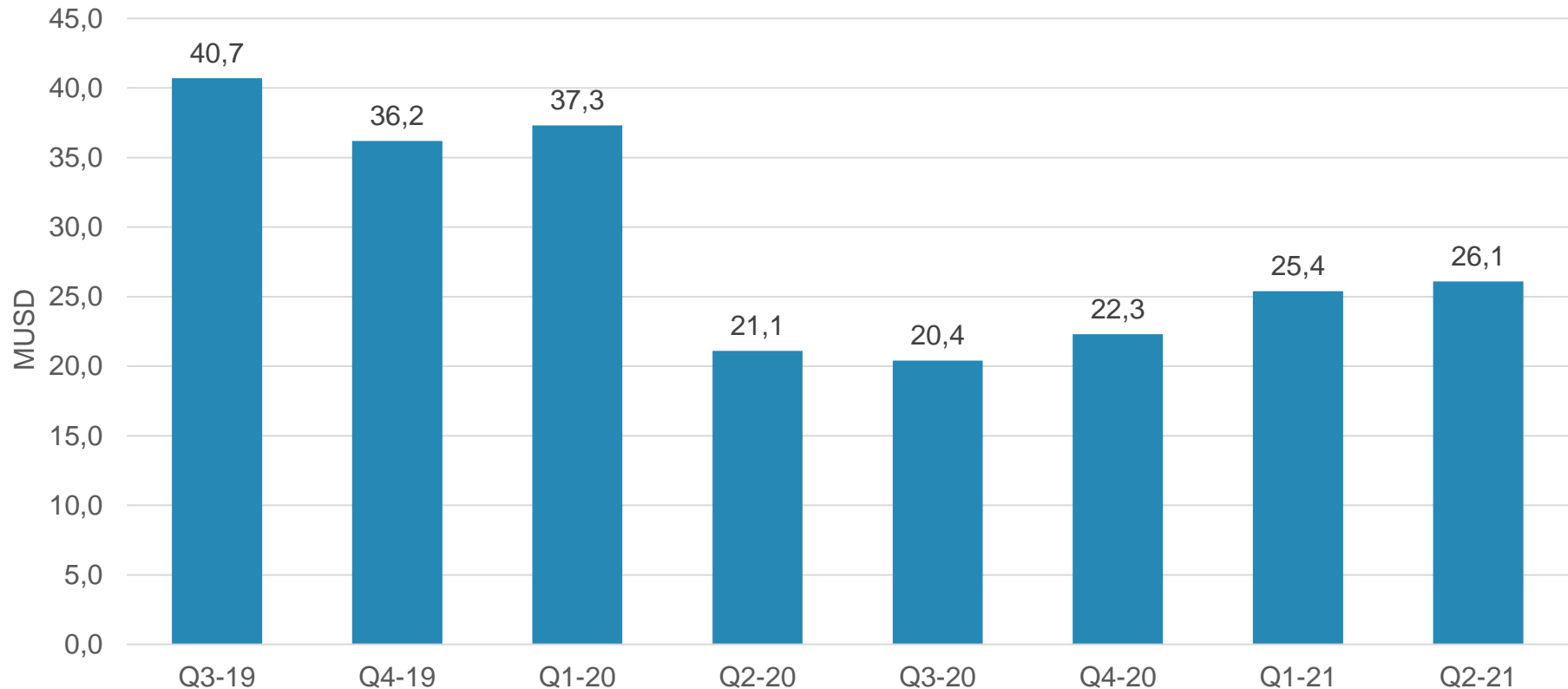
- Value of net entitlement increased 4% from Q1-21 to Q2-21 based on achieved oil price
- Value of Profit Oil increased 42% from Q1-21 to Q2-21

Over/underlift



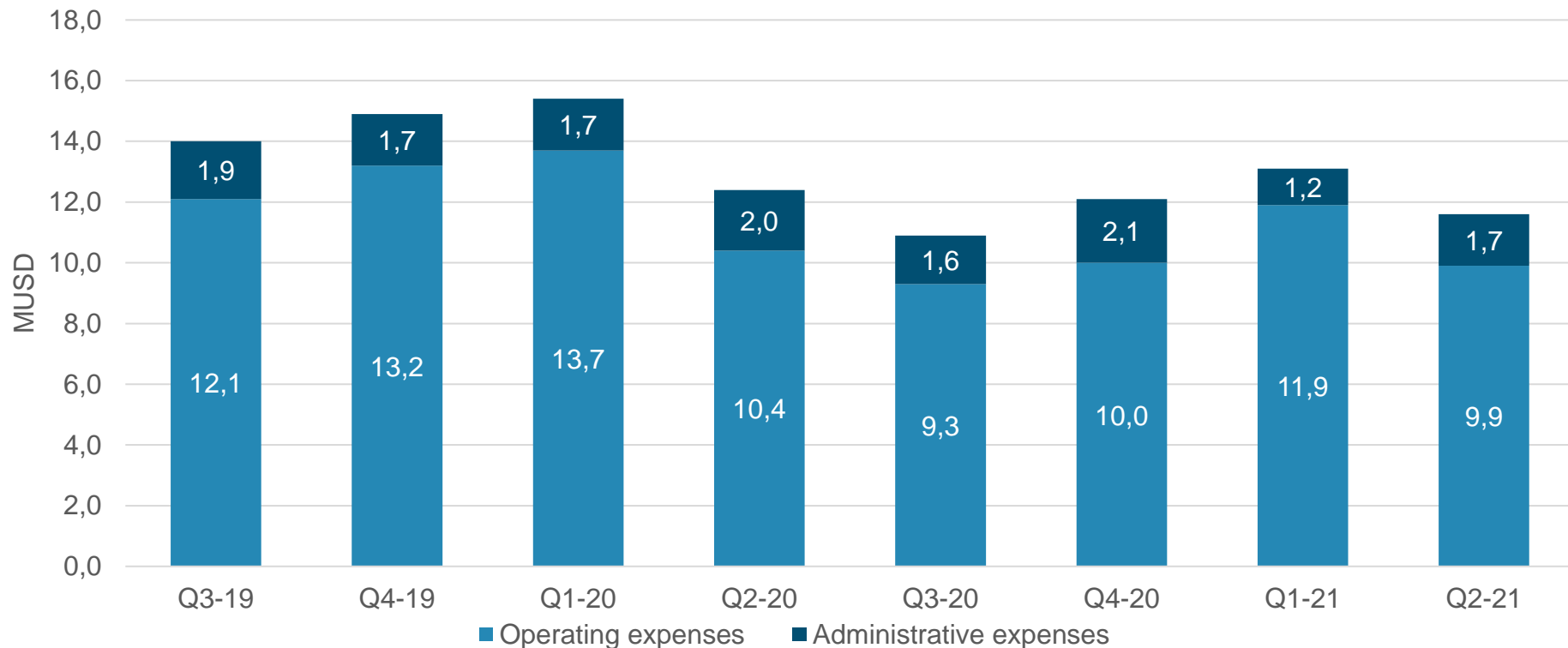
- Liftings nominated 2-3 months ahead of time resulting in potential over/underlift
- Tethys Oil is contractually obliged to hold a neutral over/underlift position over time
- March-21 oil nomination of 189,871 barrels was lifted in April due to logistical reasons and June-21 oil nomination of 167,264 barrels was lifted in July for similar reasons
- Underlift position reduced to 90,947 barrels at the end of Q2-21

Revenue and other income



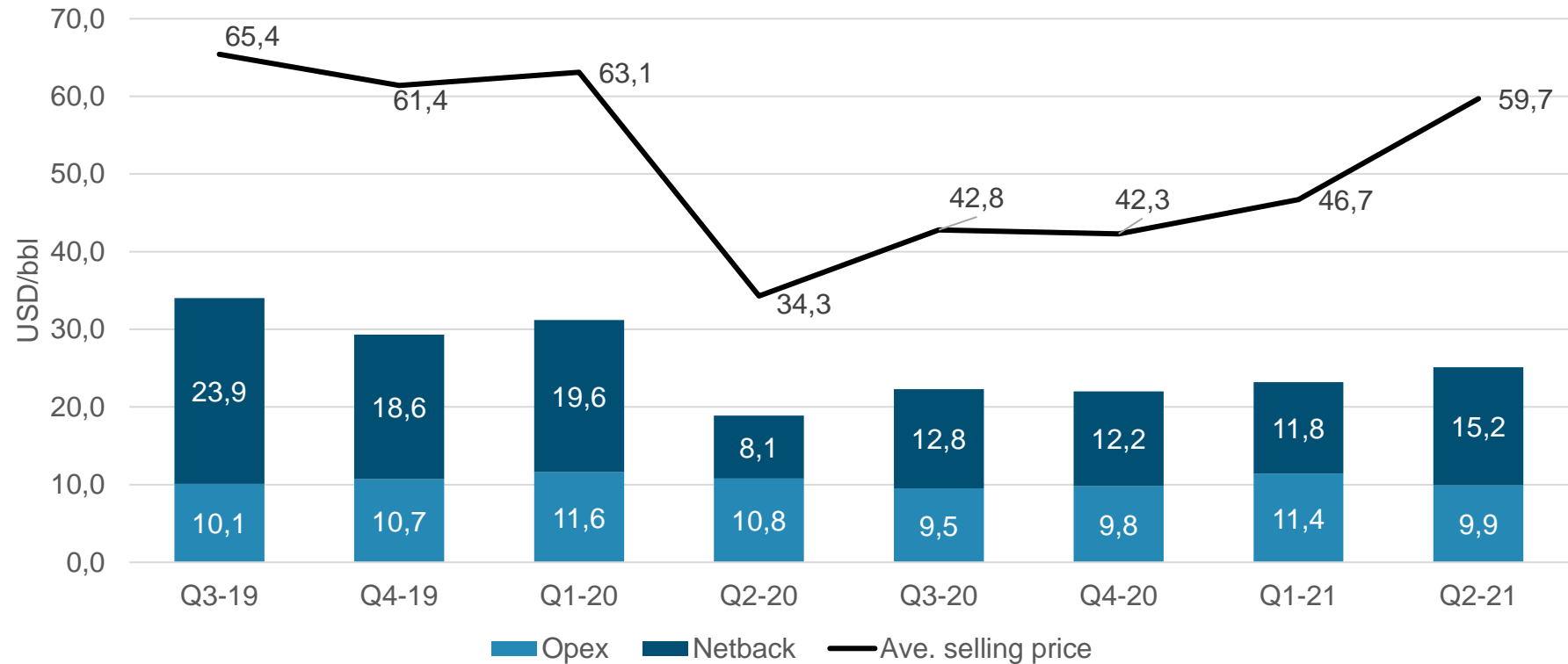
- Q2-21 Revenue and other income amounted to MUSD 26.1, up 3% compared with Q1-21 is a result of the higher achieved oil price offsetting a lower net entitlement

Expenses



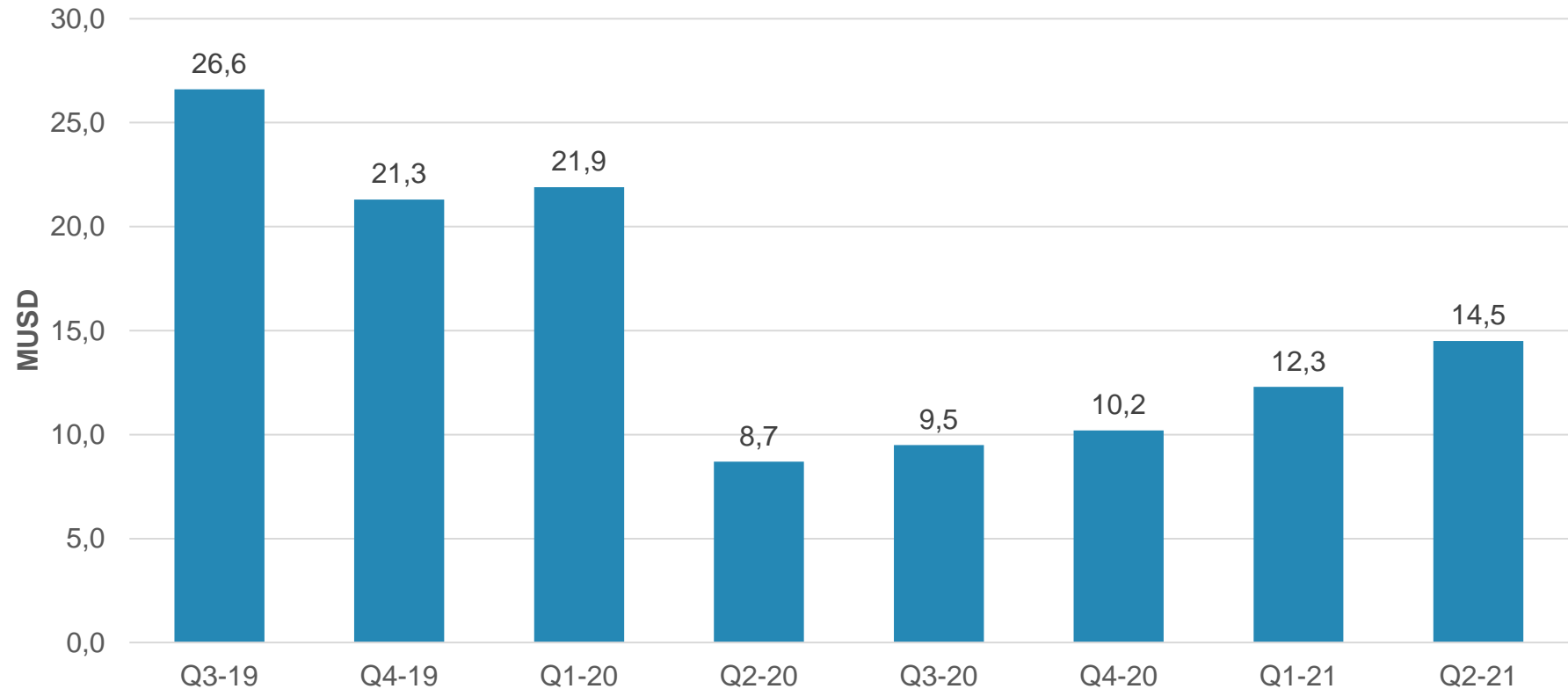
- Opex in Q2-21 amounted to MUSD 9.9 down 17% compared to MUSD 11.9 in Q1-21. A decrease in expenses related to workovers and interventions as well as lower variable costs as follows from lower production
- Admin costs in Q2-21 were higher compared to Q1-21 mainly due MUSD 0.4 reversal of accruals for the annual variable compensation impacting Q1-21 positively

Opex and Netback* per barrel (USD/bbl)



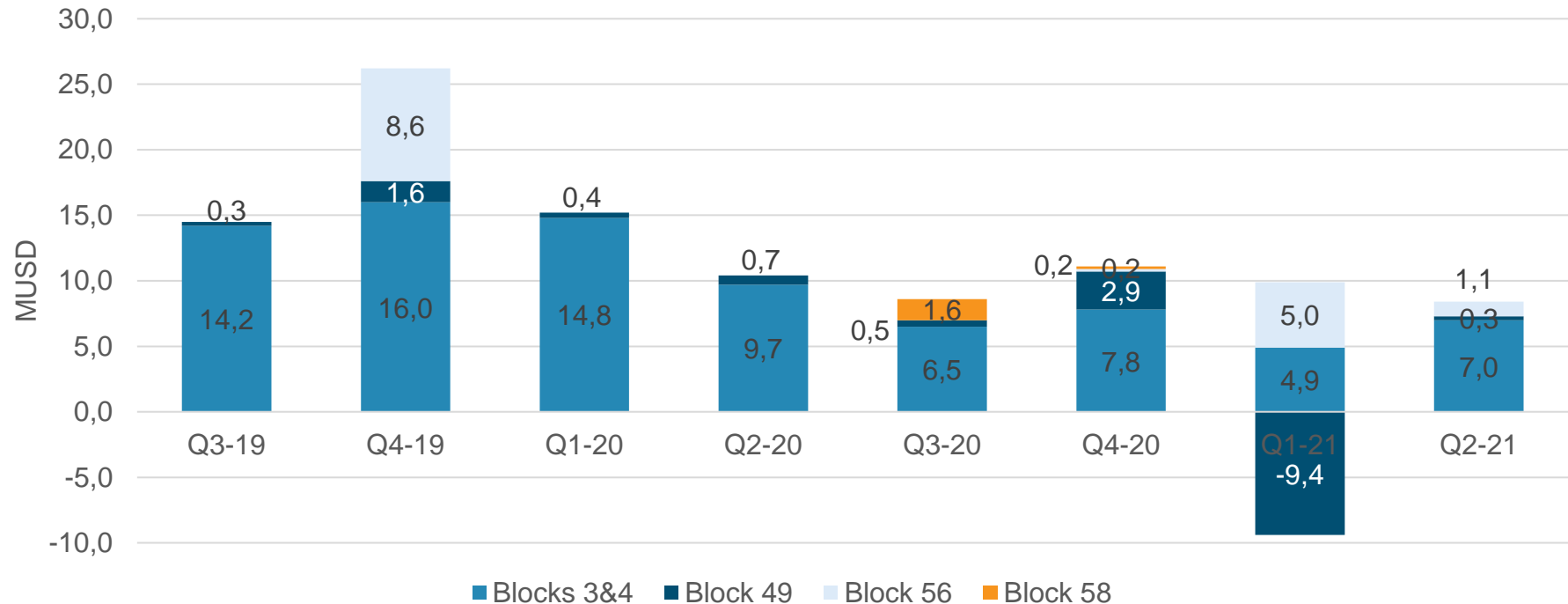
- Netback up 29% in Q2-21 compared with Q1-21 following higher achieved oil price and lower operating expenses
- The higher achieved oil price offset the lower net entitlement to give a higher Net revenue in the second quarter

EBITDA



- EBITDA of MUSD 14.5 in Q2-21, up 18% compared with Q1-21
- The higher EBITDA in Q2-21 was a result of higher revenues and other income and lower opex

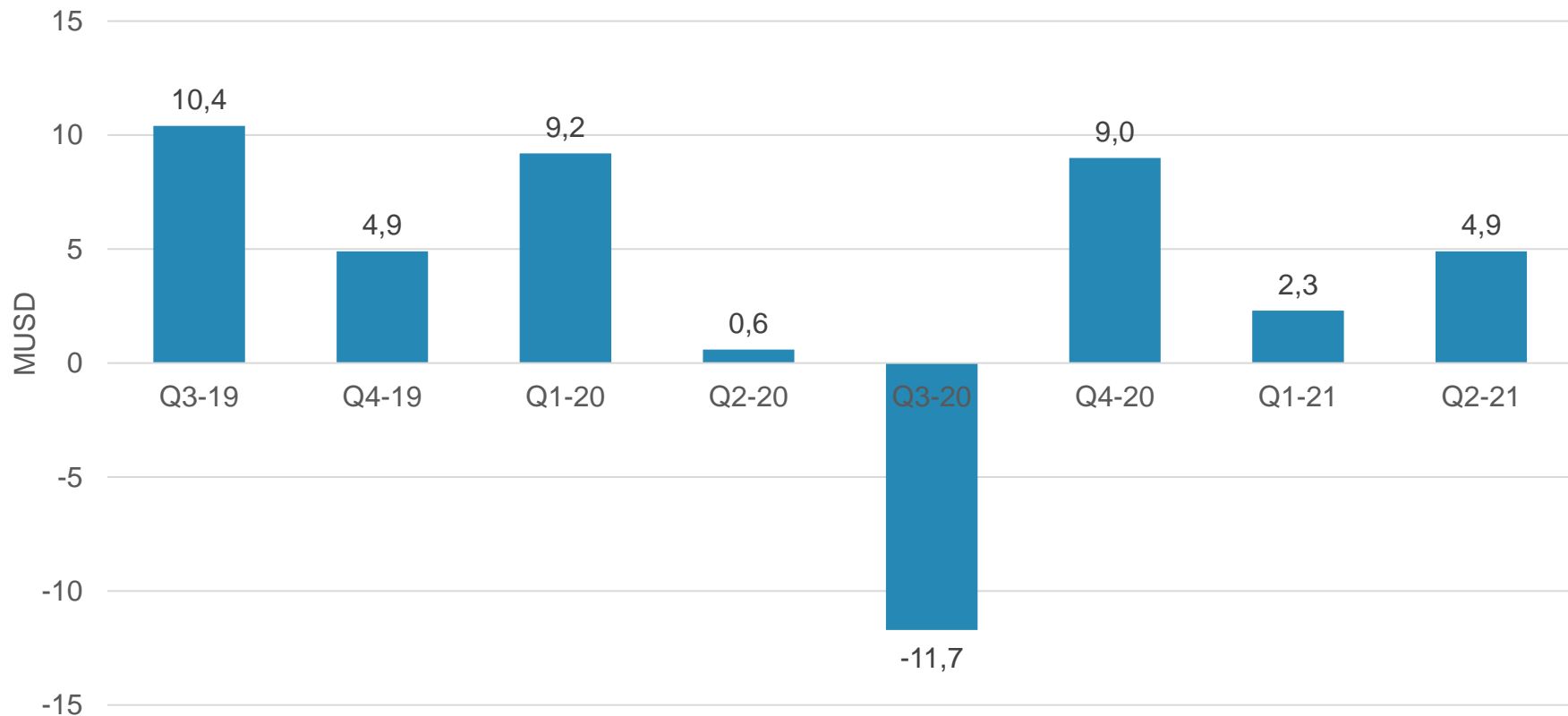
Investments in Oil and Gas assets



Investments in Oil and Gas assets Q2-21:

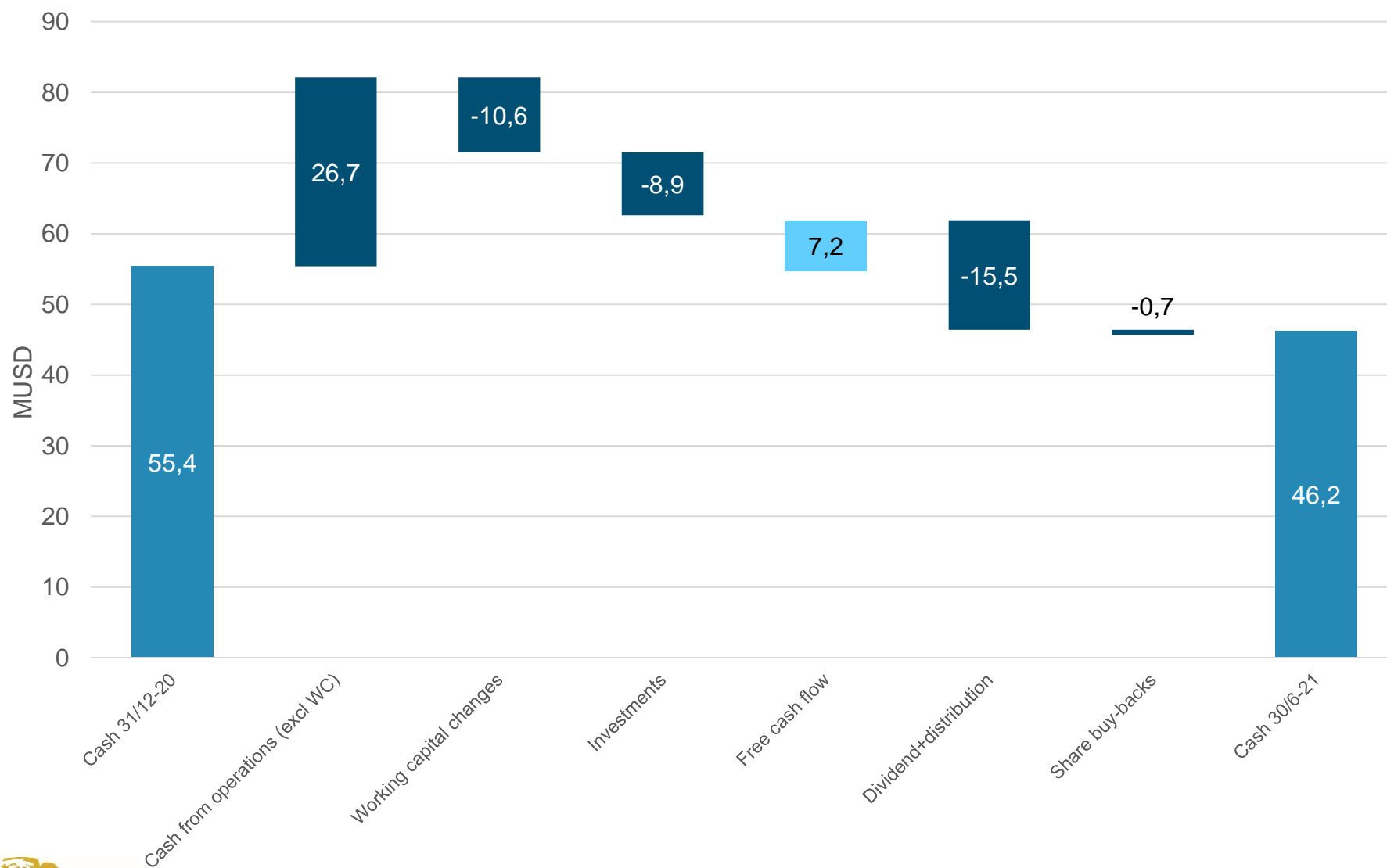
- Blocks 3&4 – MUSD 7.0 (MUSD 4.9 in Q1-21)
- Block 49 - MUSD 0.3 (MUSD -9.4 in Q1-21)
- Block 56 – MUSD 1.1 (MUSD 5.0 in Q1-21)
- Block 58 – MUSD 0.0 (MUSD 0.0 in Q1-21)

Free cash flow



- Continued free cash flow in Q2-21 of MUSD 4.9, up 113% from MUSD 2.3 in Q1-21

2021 YTD Cash flow



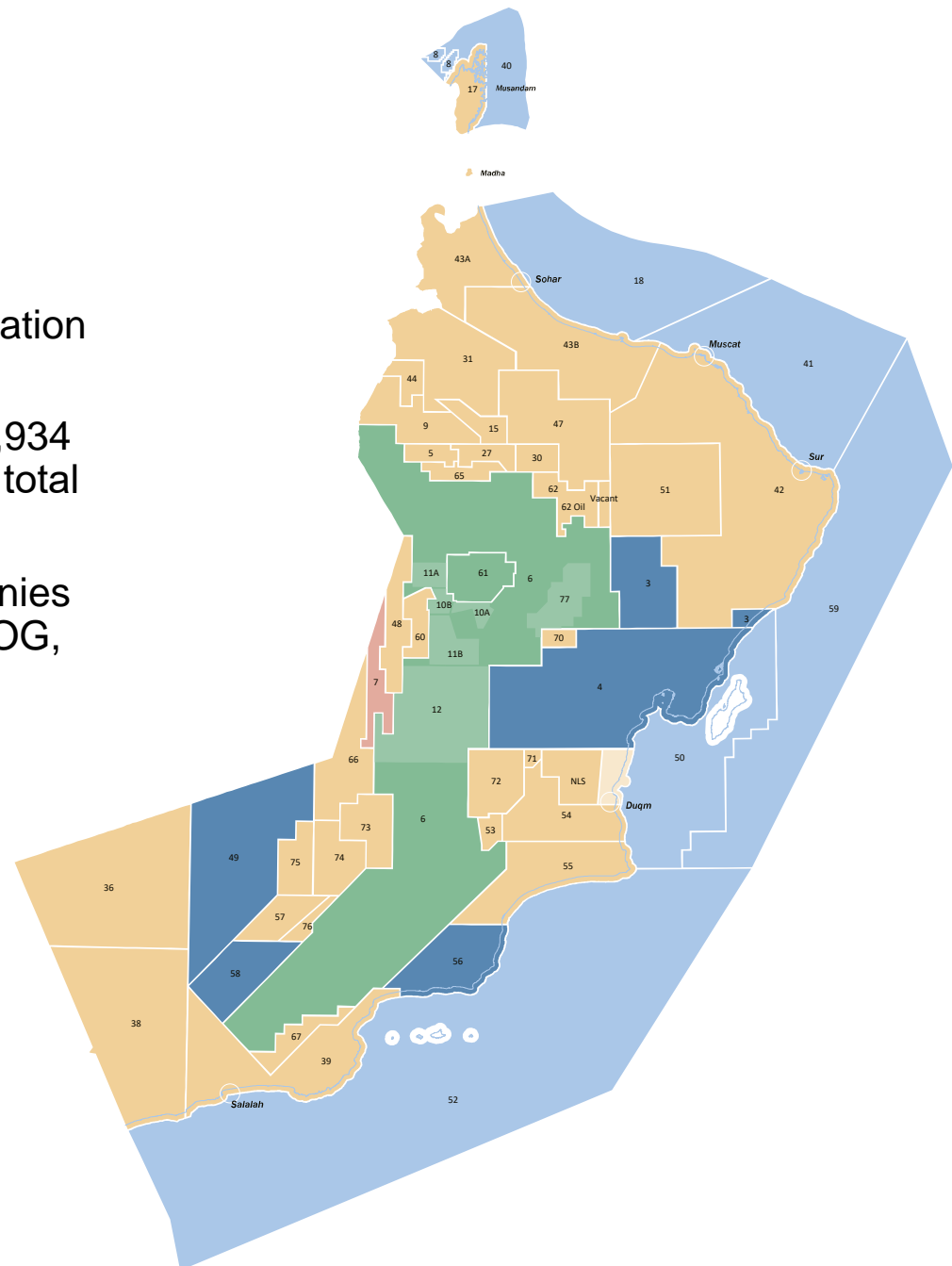
Balance Sheet

<i>(MUSD)</i>	2021-06-30	2021-03-31	2020-06-30
<i>Assets</i>			
Oil and gas properties	203.5	205.3	214.8
Other assets	16.3	17.3	6.2
Cash and cash equivalents	46.2	57.0	60.1
Total assets	266.0	279.6	281.1
<i>Liabilities</i>			
Shareholders' equity	247.2	258.3	261.3
Total liabilities	18.8	21.3	19.8
Total shareholders' equity and liabilities	266.0	279.6	281.1

- Solid debt free balance sheet
- Cash and cash equivalents of MUSD 46.2, after MUSD 15.5 distribution to shareholders during Q2-21

Operations

- 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, PTTP



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

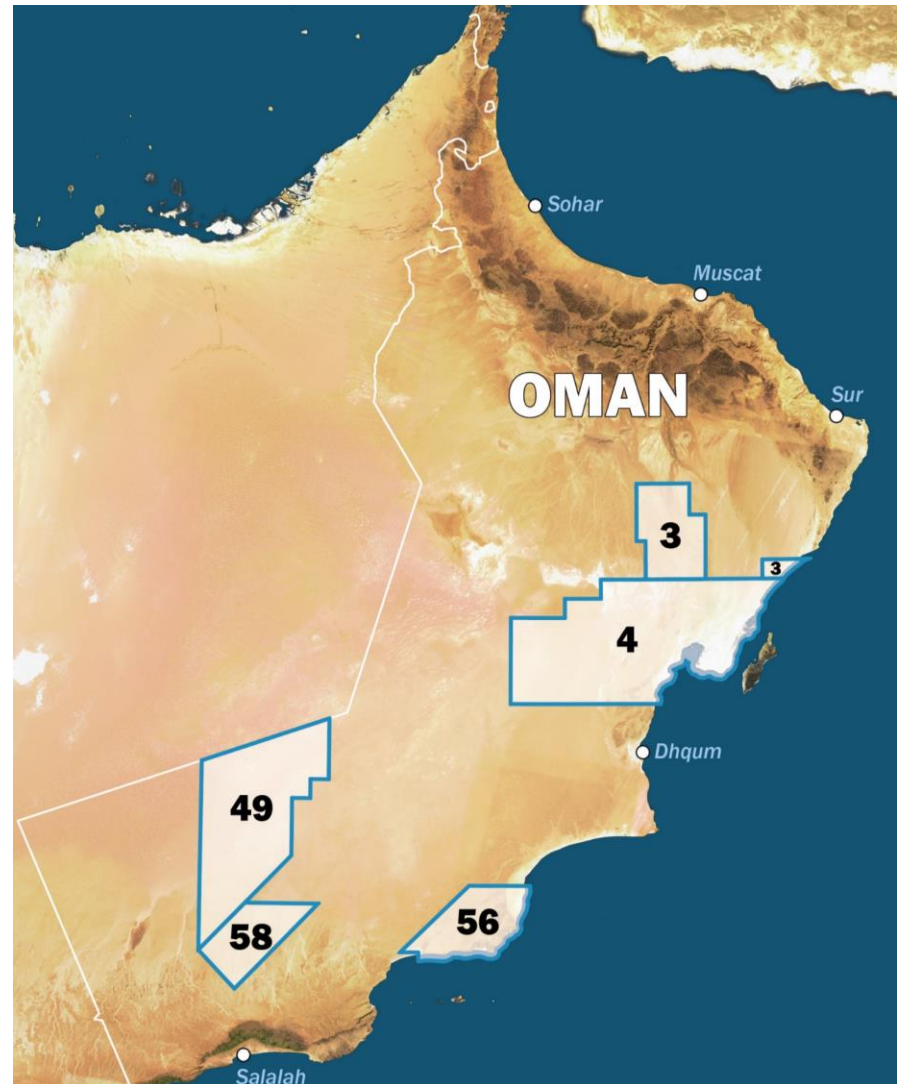
- Tethys Oil 50% (Operator), EOG 50%
- Signed in Q4-17
- EPSA: initial exploration period of 3 + 3 years
- Total area: 15,439 km²

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

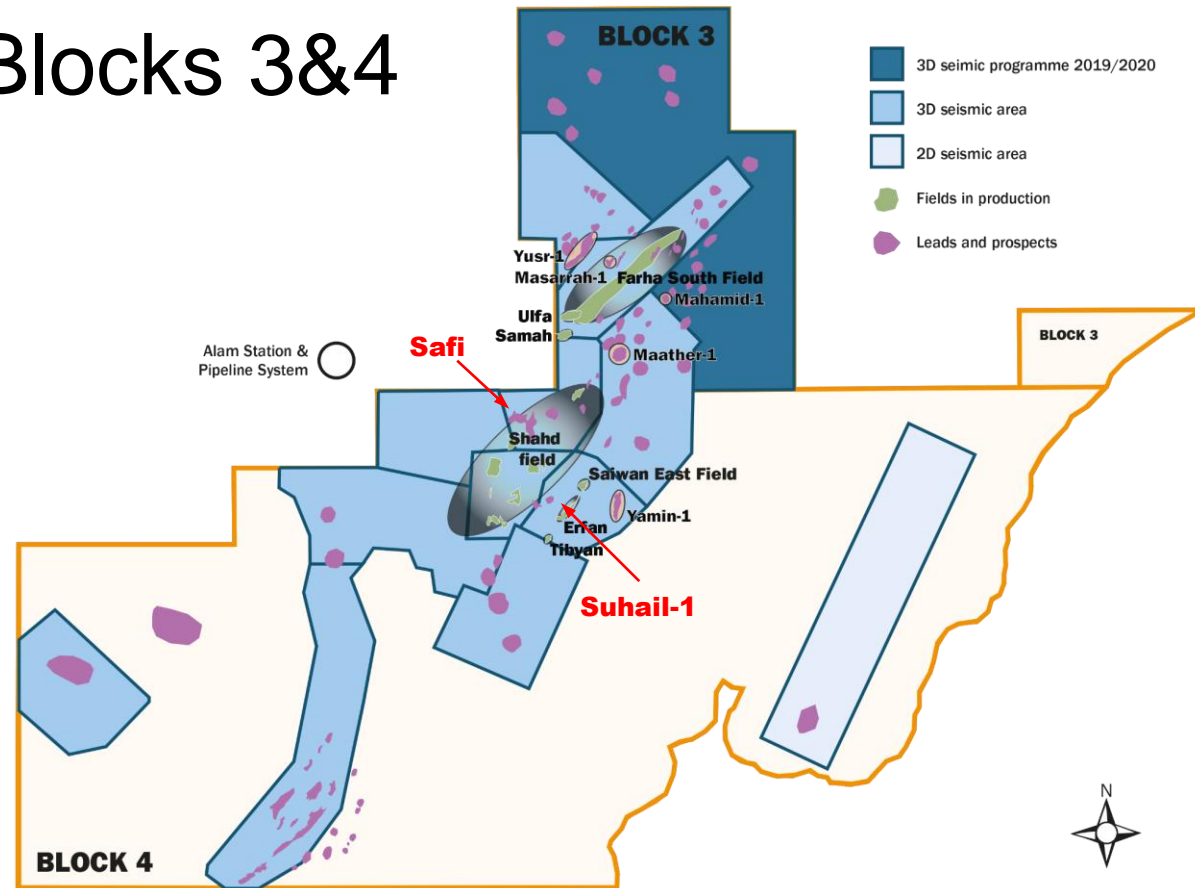


Blocks 3&4

- 2 production wells drilled in Q2-21
- 3 drilling rigs and 1 workover rig operational
 - 1 drilling rig reactivated since early April
 - 1 drilling rig reactivated since early July
- **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.



Exploration Blocks 3&4

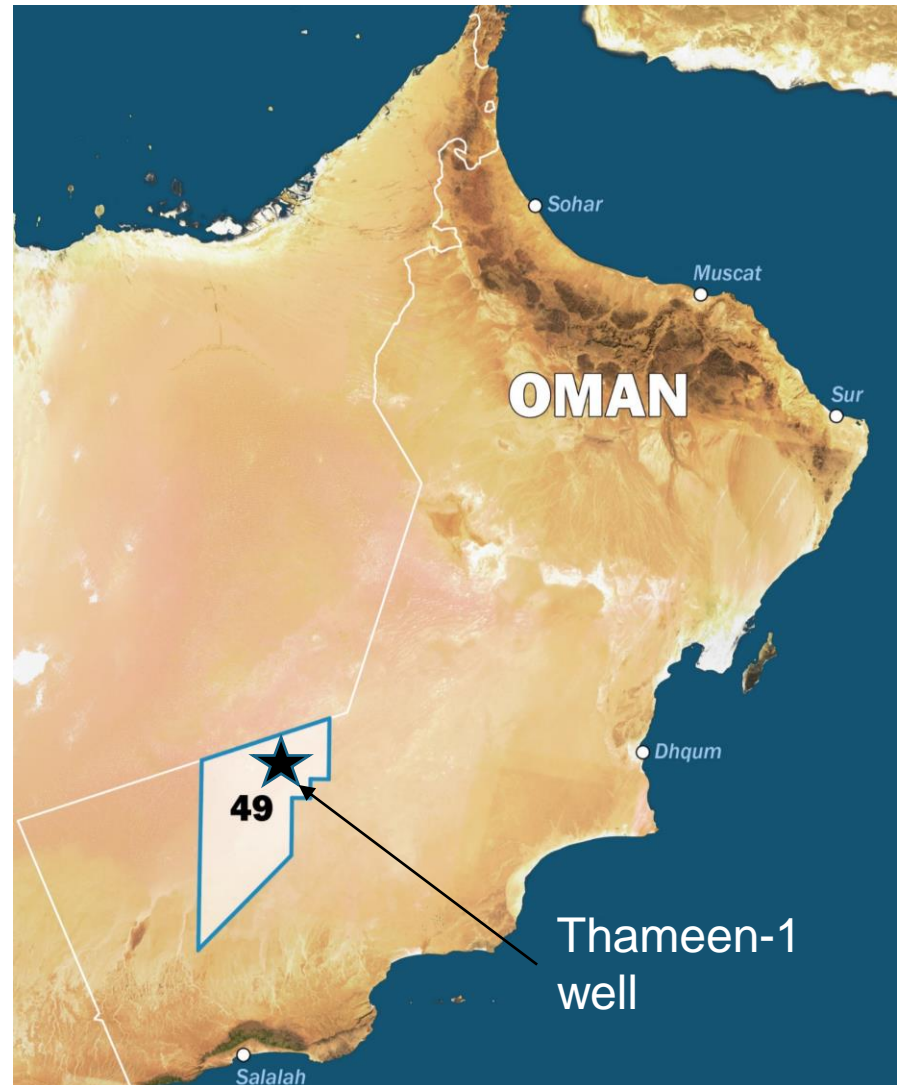


- Process of maturing leads into prospects north of the Farha South field continues
- Exploration well Safi-1 reached its final depth in Q2-21. Production test ongoing
- Exploration well Suhail-1 will be spudded in August 2021

Block 49

Thameen-1

- Farmout agreement with EOG closed in Q1-21 – Tethys decreased to 50% interest
- Thameen-1 well spudded on 31 Dec 2020
- Reached its final total depth end of February
- Well testing programme was launched in March
- Logs indicated a gross hydrocarbon column of 40m in primary target Hasirah Sandstone
- No flows were recorded at surface
- Sidewall cores, fluid samples and pressure data further analysed together with an extensive log analysis
- Results confirm good porosity but low permeability
- Stimulation will most probably be needed in order to try and flow the well



Block 56

- Farmin agreement with Medco closed in Q1-21 – Tethys increased to 65% interest and assumed operatorship
- Planning of a drilling campaign of up to 3 wells to evaluate Al Jumd area ongoing
 - Work on maturing leads to prospects completed
 - First well planned to be spudded Q4-21
- Planning and tendering of a 3D seismic survey in the central area of the Block
 - Final negotiation with a seismic contractor is ongoing
- **Work programme 2021:** evaluating Al Jumd area with up to 3 wells, planning 3D seismic acquisition in central area of the block



Block 56 – Multiple leads on 2D seismic



- Drilling campaign of up to three wells to further evaluate the Al Jumd area later this year
- Planning and tendering of a 3D seismic survey in the central area of the Block

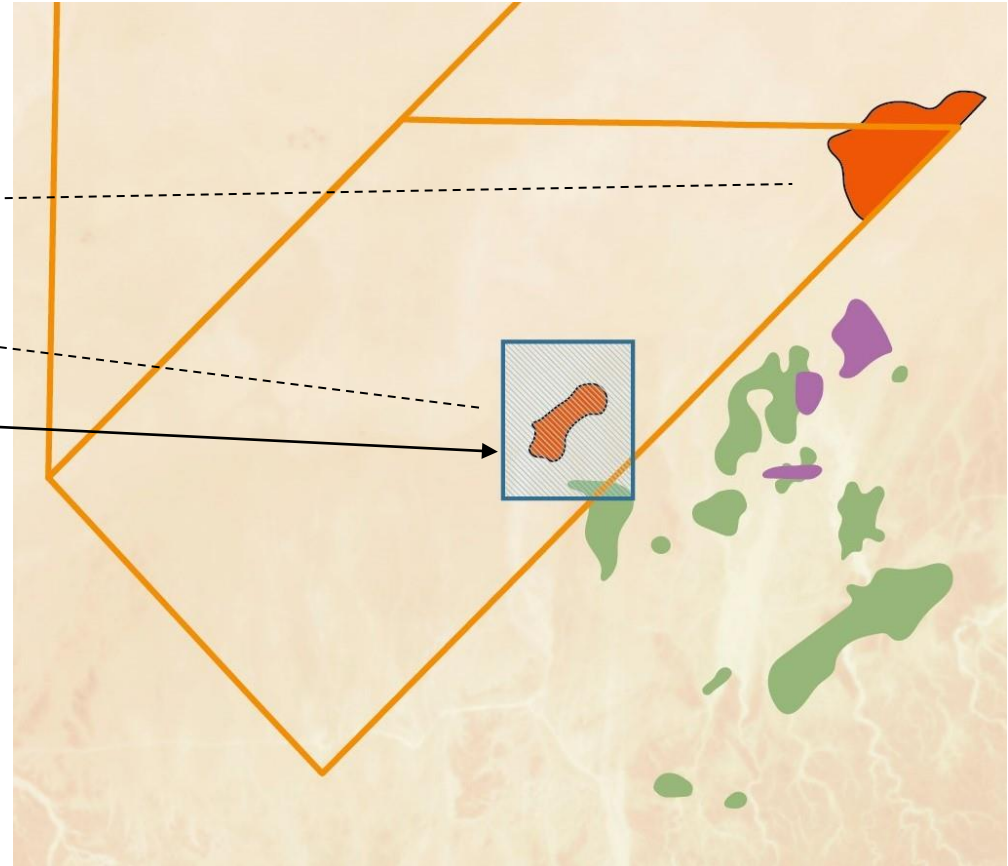
Block 58

- 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 programme 2021:**
3D image quality enhancement and conducting a new 3D seismic acquisition



Summary and Outlook

- **Q2 - yet another solid quarter**
 - Achieved oil price up 28%
 - Free cash flow up 113%
 - Netback increased up 9%
- **Oil price of USD 70+ price level to impact starting Q3**
- **Thameen-1 well drilled on Block 49**
 - Logs indicate 40m gross hydrocarbon column
 - No flows to surface
 - Data suggests good porosity but limited permeability
- **Seismic campaign on Block 58 to be launched in 2021**
- **Preparations of Al Jumd 2021 appraisal drilling campaign ongoing**
- **Tethys Oil is hopeful that average daily production for the second half of the year will be higher than the 11,306 BOPD the Company produced during the first half of 2021**

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