

**Q1 2015**

5 May 2015



# Q1 Highlights

- New production record during Q1. Average daily production 8,714 bopd – up 4% compared to Q4-14
- March Blocks 3 and 4 production 9,154 bopd
- Net sales of MSEK 163, down 47% compared to Q4-14
- EBITDA of MSEK 76, down 62% compared to Q4-14
- Net result MSEK 39, up 117% compared to Q4-14
- Earnings per share SEK 1.11 for Q1-15
- Net cash position of MSEK 371, including Cash and cash equivalents of MSEK 400
- The board of directors proposes distribution to the shareholders of SEK 3.00 per share

# Tethys' assets

	Country	Licence	Area, km2	Tethys share	Partners*	2P reserves 31 Dec 2014 (mmbo)	Production Q1 2015 (bopd)
Producing Assets	Oman	Block 3 & 4	34,610	30%	<b>CC Energy</b> , Mitsui	17.8	8,604
	Lithuania	Gargzdai	884	25%	Odin Energi, Geonafta	**	110
Exploration assets	Oman	Block 3 & 4	34,610	30%	<b>CC Energy</b> , Mitsui		
	Oman	Block 15	1,389	<i>Discussions concerning the future of Block 15 are ongoing</i>			
	Lithuania	Rietavas	1,594	30%	Odin Energi, Private investors		
	Lithuania	Raseiniai	1,535	30%	Odin Energi, Private investors		
	France	Attila	1,986	40%	<b>Galli Coz</b>		
	France	Alès	215	37.5%	Private investors		

\* Operator in bold

\*\* Lithuanian reserves deemed sub-economic



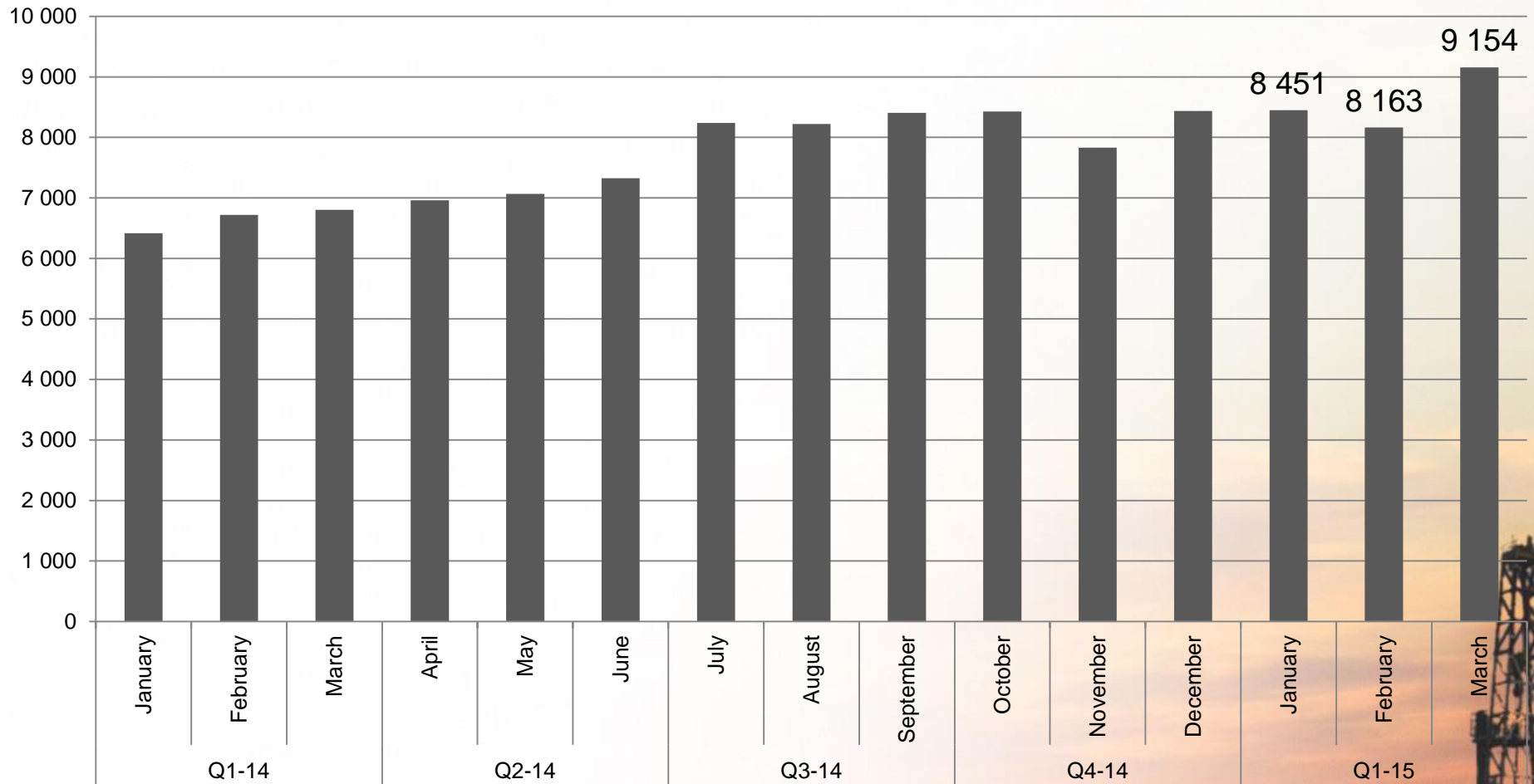
# Reserves

<b>Reserves Oman (31 Dec 2014, mmbo)</b>			
<i>mmbo</i>	<b>1P</b>	<b>2P</b>	<b>3P</b>
Farha South	8.3	11.2	13.3
Saiwan East	0.5	1.3	2.9
Lower Buah area	3.0	5.3	8.9
<b>Total</b>	<b>11.8</b>	<b>17.8</b>	<b>25.1</b>

Independent petroleum consultant DeGolyer and MacNaughton (“D&M”) reviews Tethys Oil’s reserves in Oman annually.

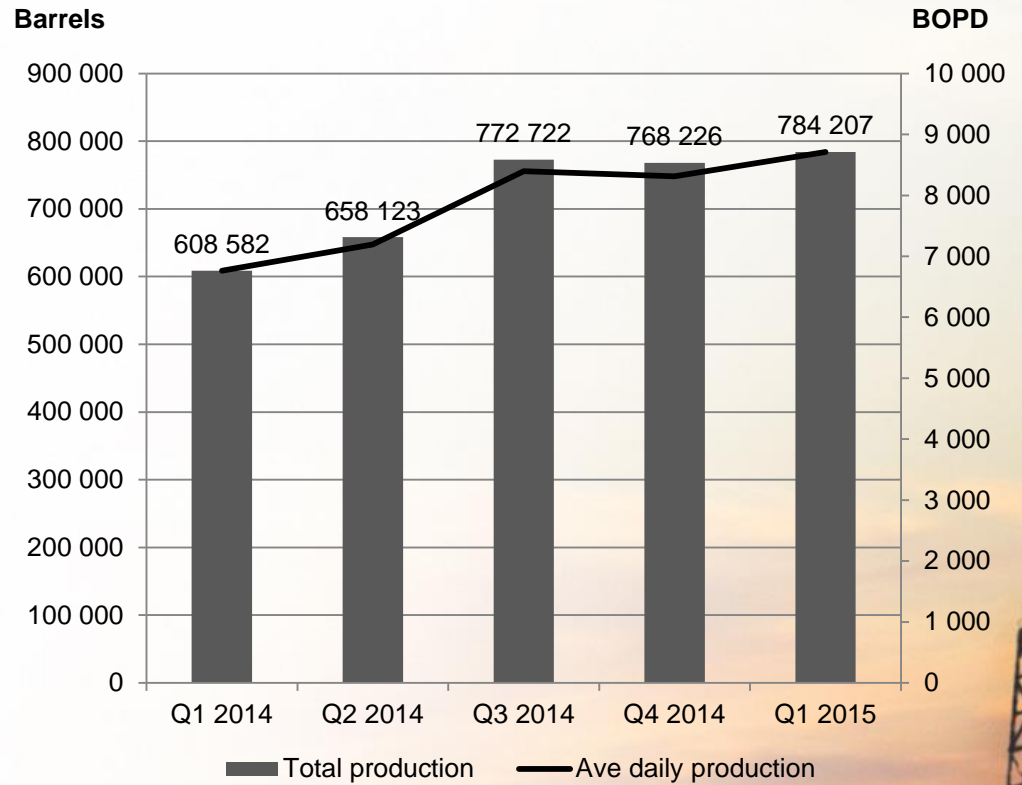
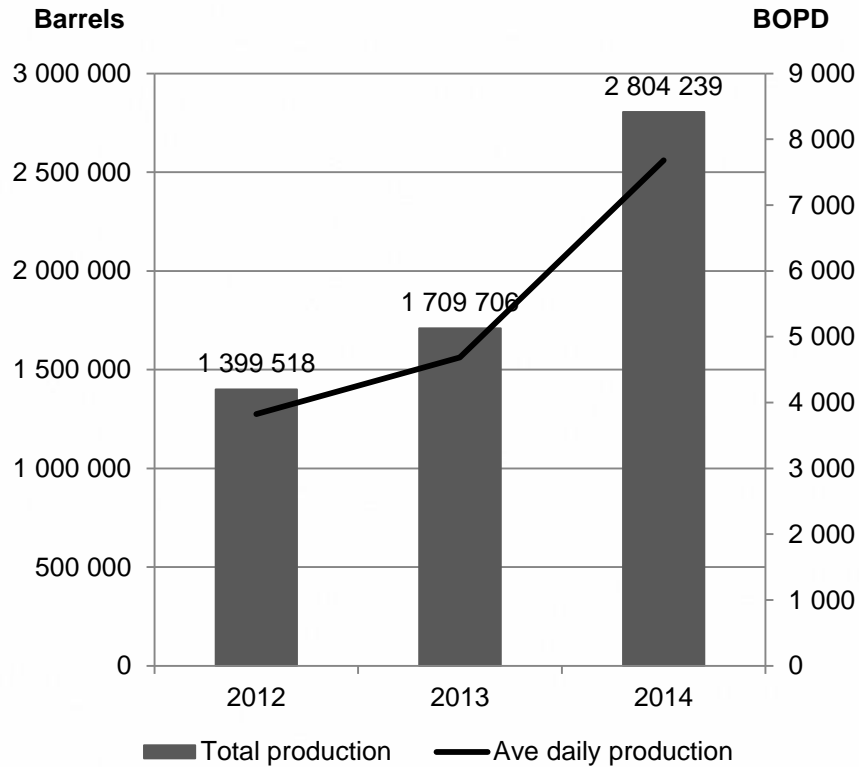


# Average daily production in Oman



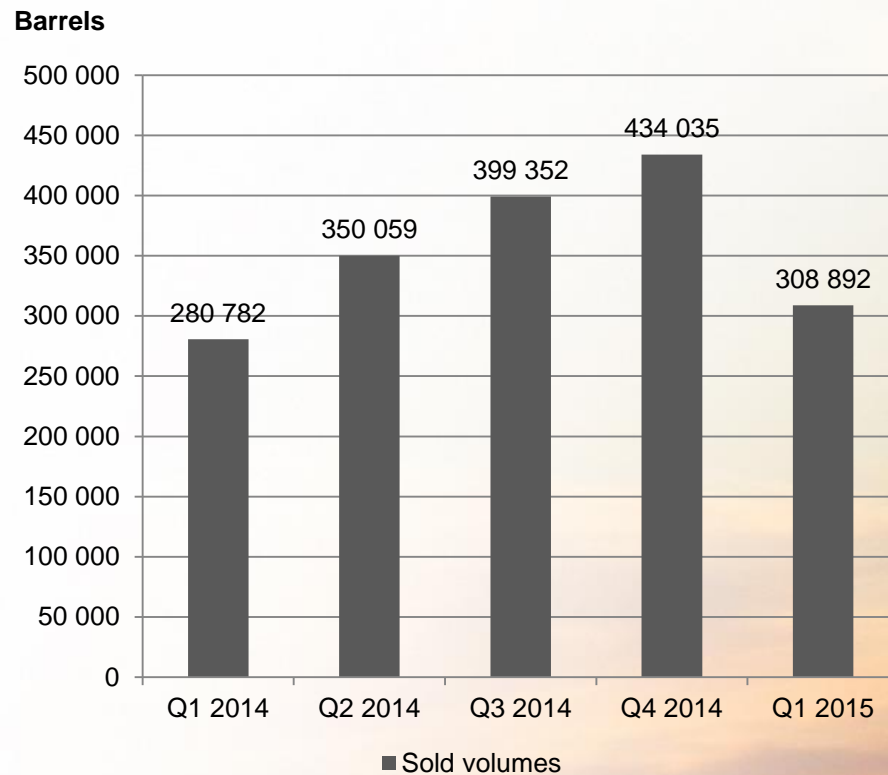
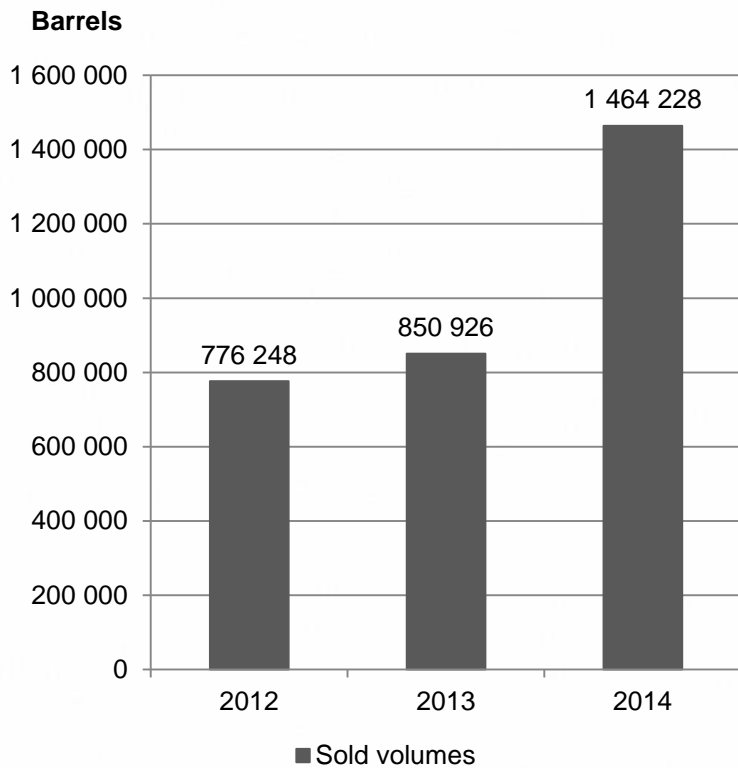
- Production record in March 2015 with 9,154 bopd
- The trend with increasing production is expected to continue, but with fluctuating monthly production

# Production



- Average daily production in Q1 2015 increased 4% compared with Q4-14
- 30% increase in average daily production compared with Q1-14

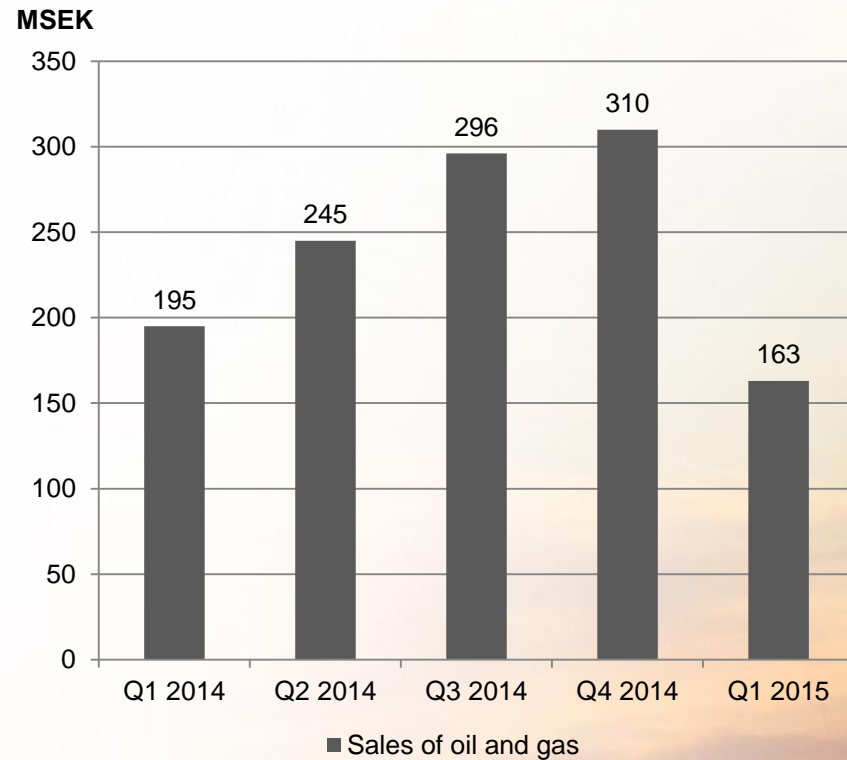
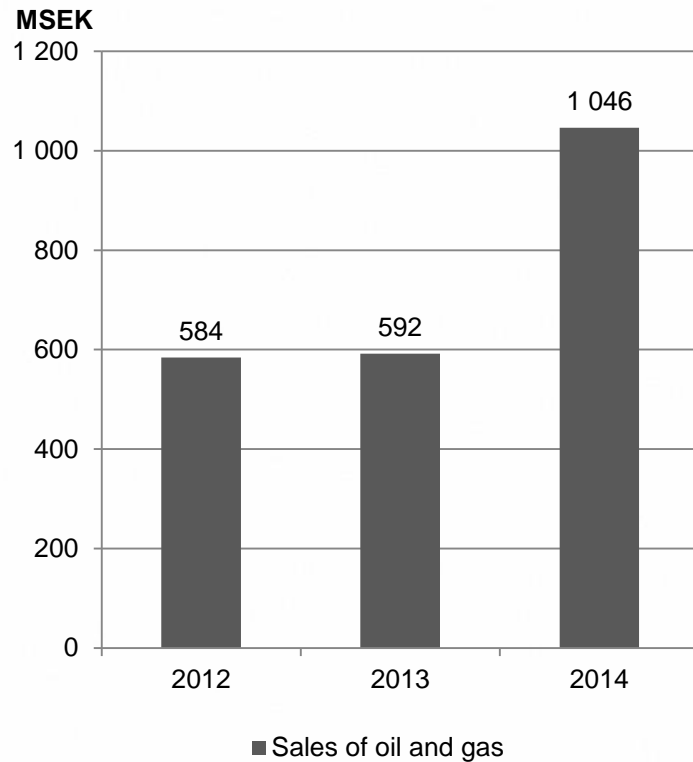
# Sold barrels



- Movement from over to underlift position of more than 90,000 barrels from an overlift of 12,828 barrels as per 31 December 2014 to an underlift position of 80,924 barrels



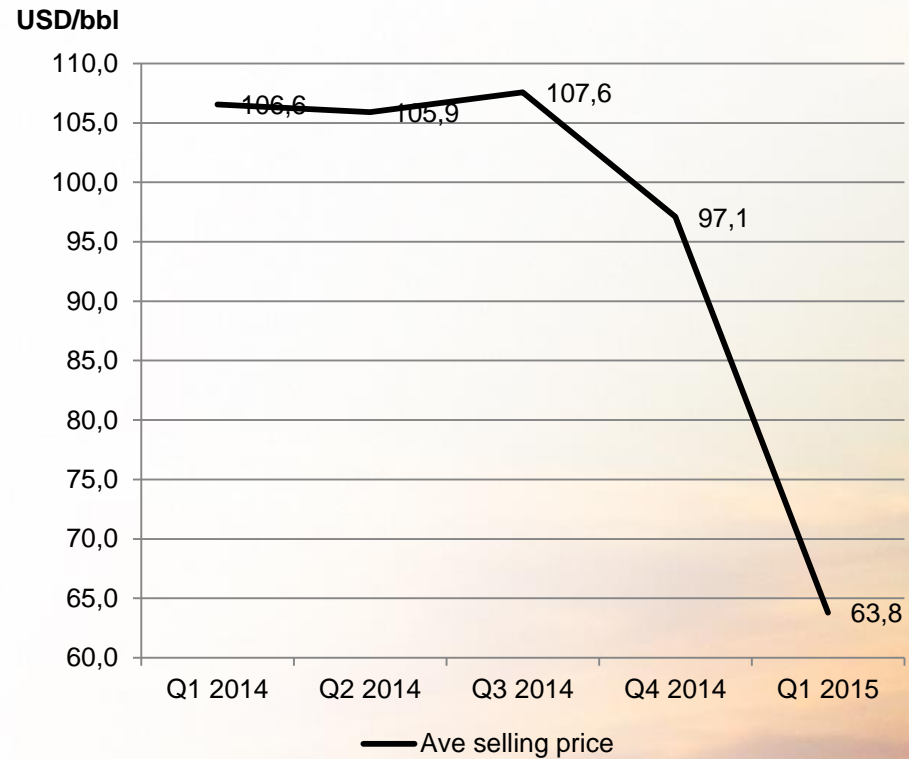
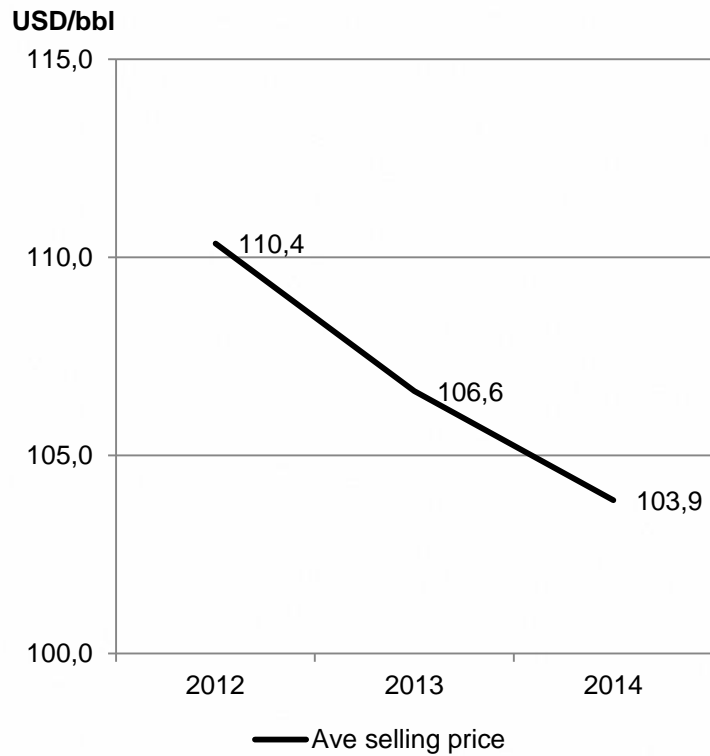
# Sales MSEK



- Net oil sales of MSEK 163 in Q1-15, down 47% compared to Q4-14
- The Q-o-Q sales affected by 29% decline in barrels sold, 11% USD/SEK change and 34% oil price decrease



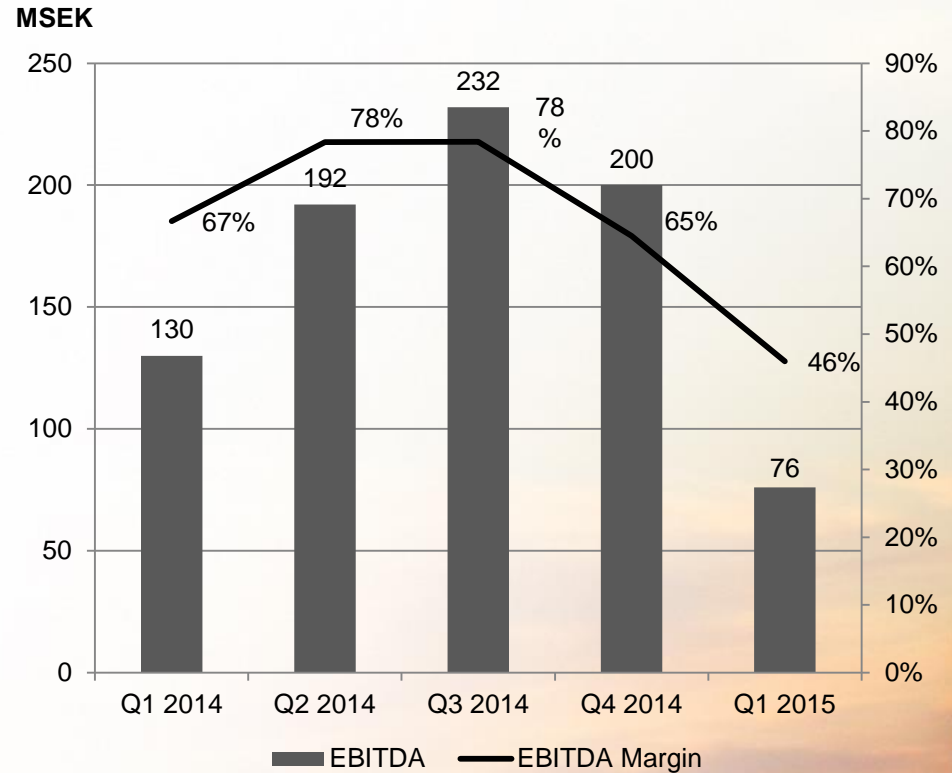
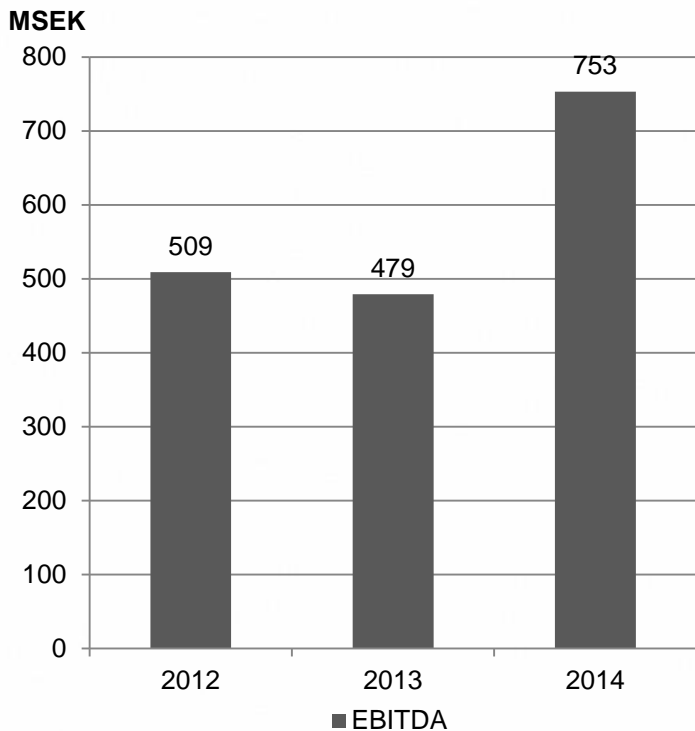
# Average selling price per barrel



- Selling price down 34%
- 2 months lag in future price mechanism

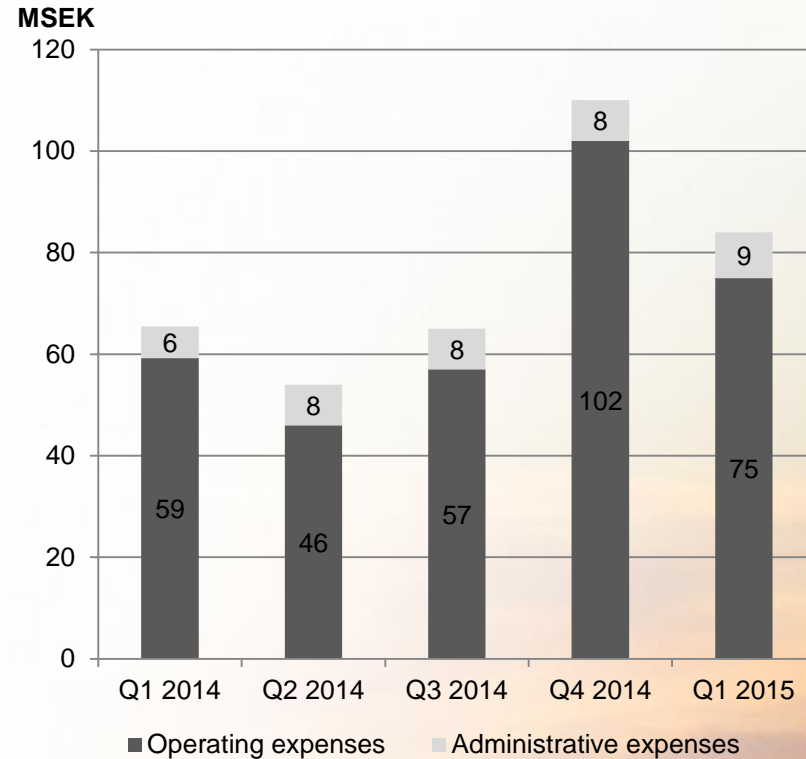
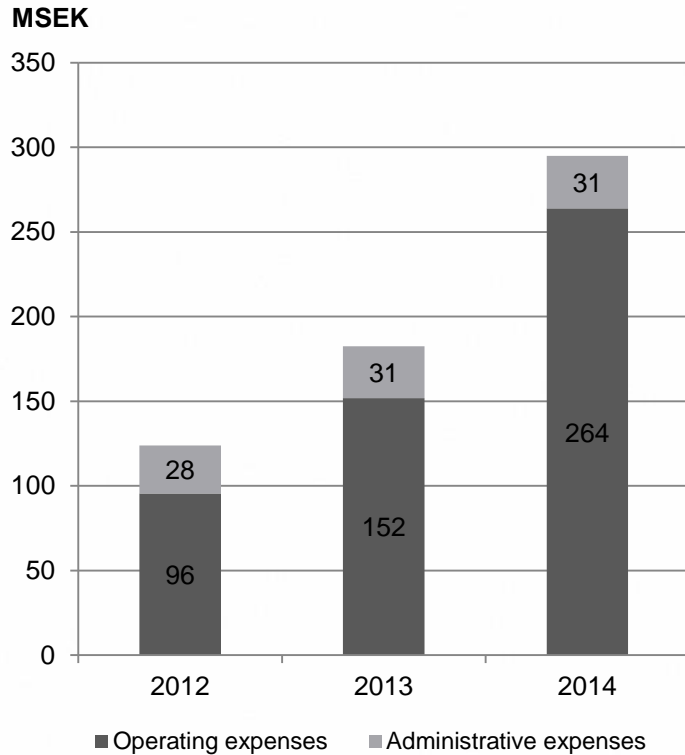


# EBITDA



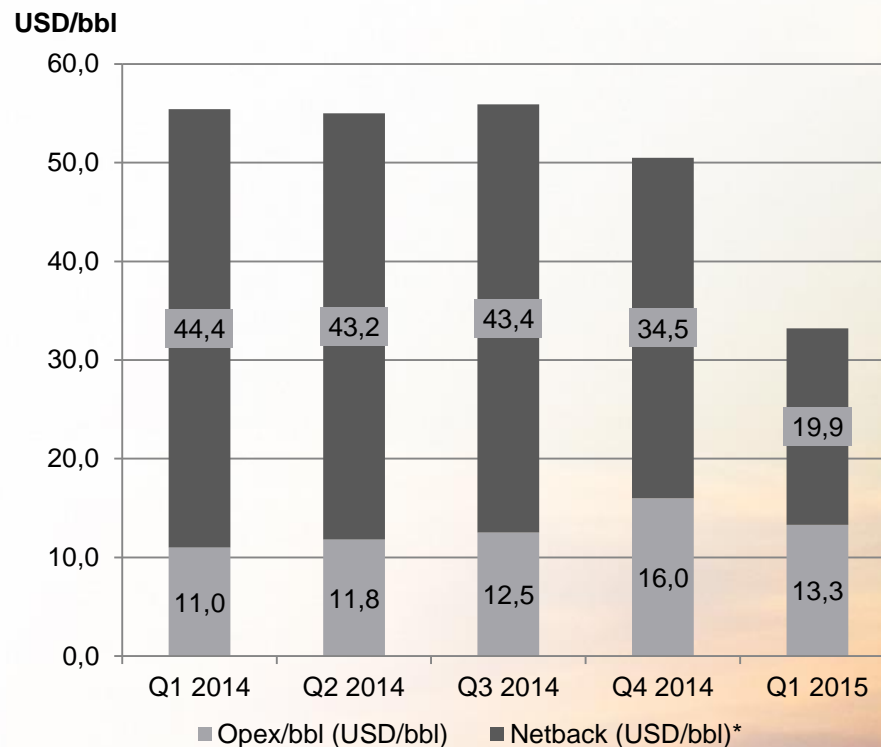
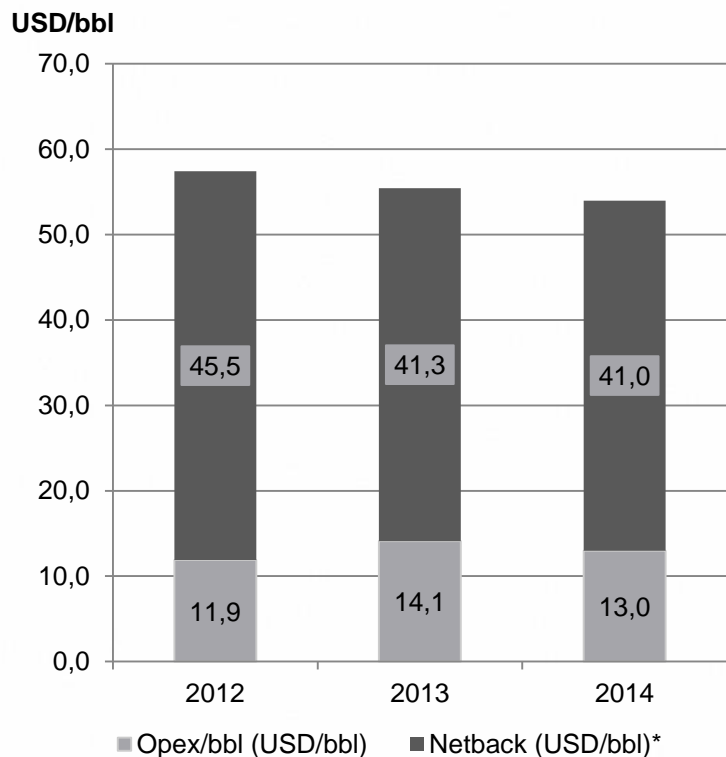
- EBITDA of MSEK 76 in Q1, down 62% compared to Q4-14
- EBITDA Q1-15 is lower following lower oil prices, resulting in decreased EBITDA margin

# Expenses



- Operating OPEX decreased from MSEK 102 in Q4-14 to MSEK 75 in Q1-15
- The OPEX have decreased by MSEK 17 due to a movement from over- to underlift position of more than 90,000 barrels

# Adjusted net back\* and opex per barrel



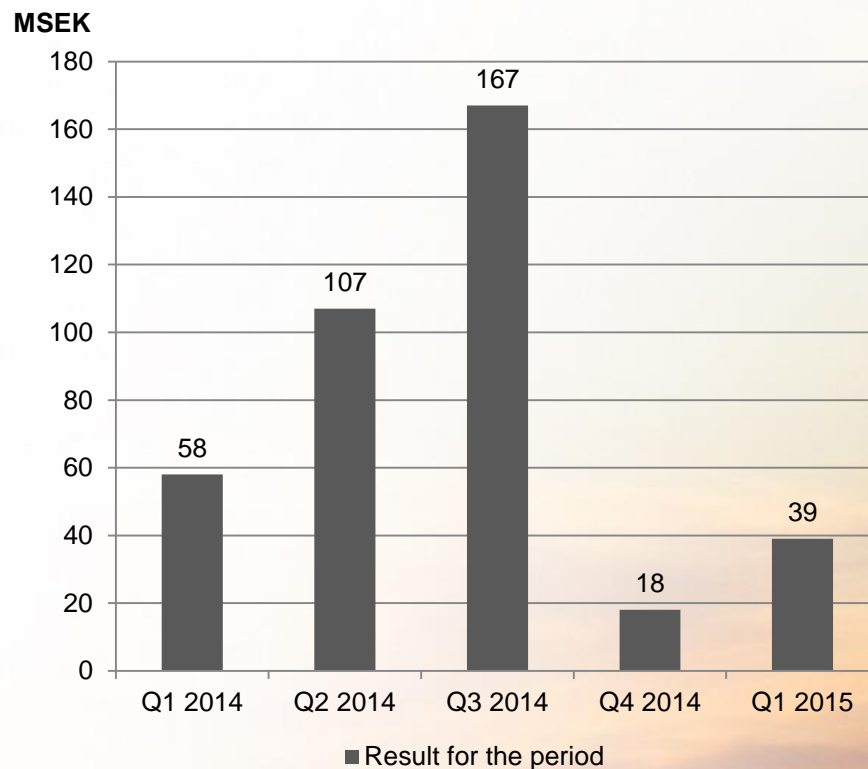
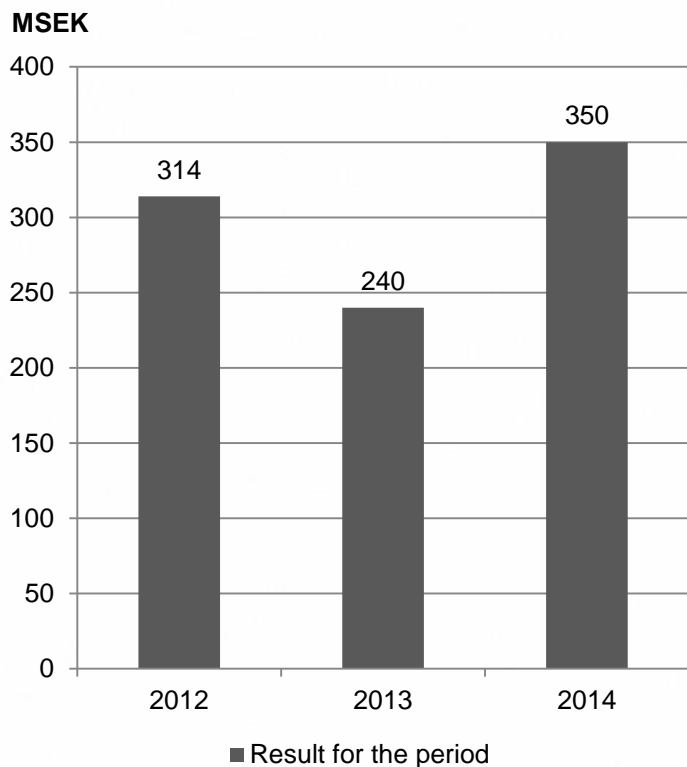
- Adjusted for timing differences, net back has fallen down to about USD 20 per barrel due to lower oil prices
- Adjusted opex between USD 11 and 15 per barrel, of which direct lifting cost accounts for 50-60%



\* After current government take

\*\* The Q1-15 number is estimated

# Net result after tax



- Result is up 117% Q-o-Q, but adjusted for Q4 write down of MSEK 127, the Q1 result is down 73%
- Result was negatively affected
  - Lower oil prices
  - Movement from over to underlift position of more than 90,000 barrels



# Balance Sheet Q1 2015

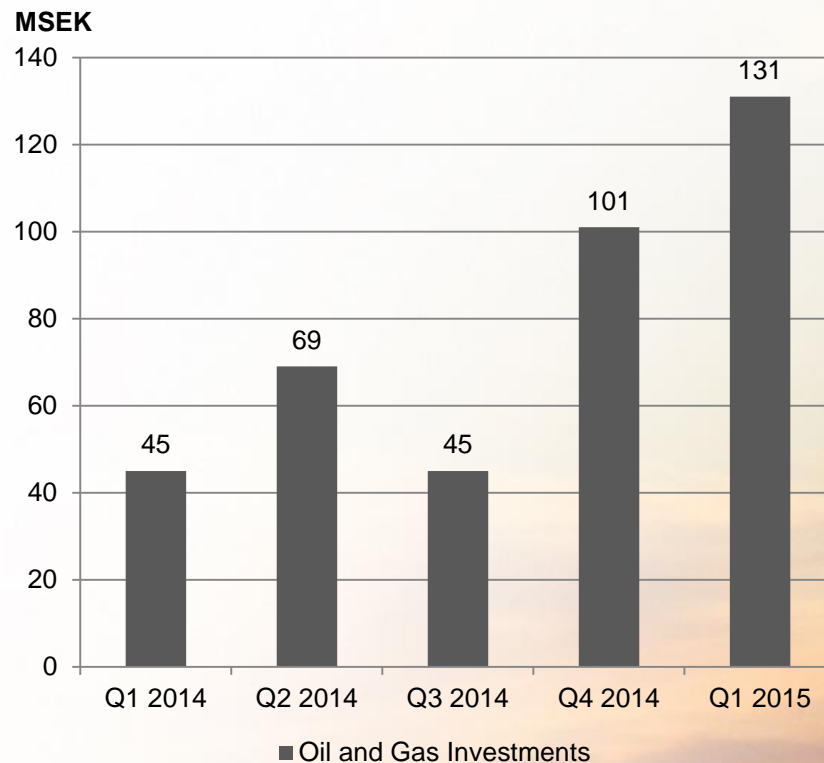
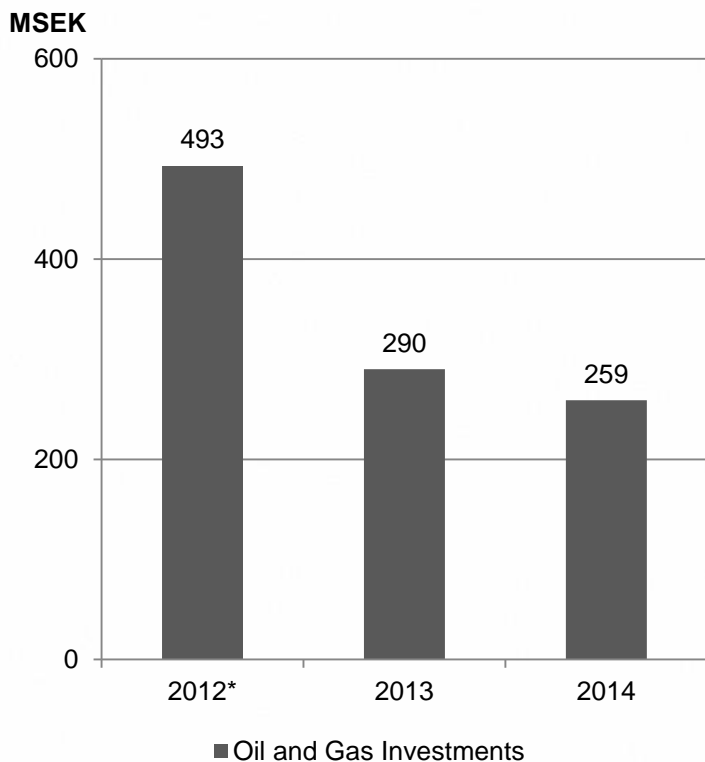
<b>(MSEK)</b>	<b>2015-03-31</b>	<b>2014-12-31</b>
<b>Cash</b>	<b>400</b>	<b>372</b>
<b>Long term liabilities</b>	<b>29*</b>	<b>25*</b>
<b>Net cash</b>	<b>371</b>	<b>347</b>
<b>Total assets</b>	<b>2,061</b>	<b>1,816</b>
<b>Shareholders' equity</b>	<b>1,888</b>	<b>1,675</b>

- Strong cash position of MSEK 400
- The MUSD 100 senior revolving reserve based lending facility is not used by the end of the first quarter 2015
- Almost all cash held in USD – close to MUSD 50
- Exchange rate as per balance sheet day: 8.74 SEK per USD.



\* Provision for site restoration costs

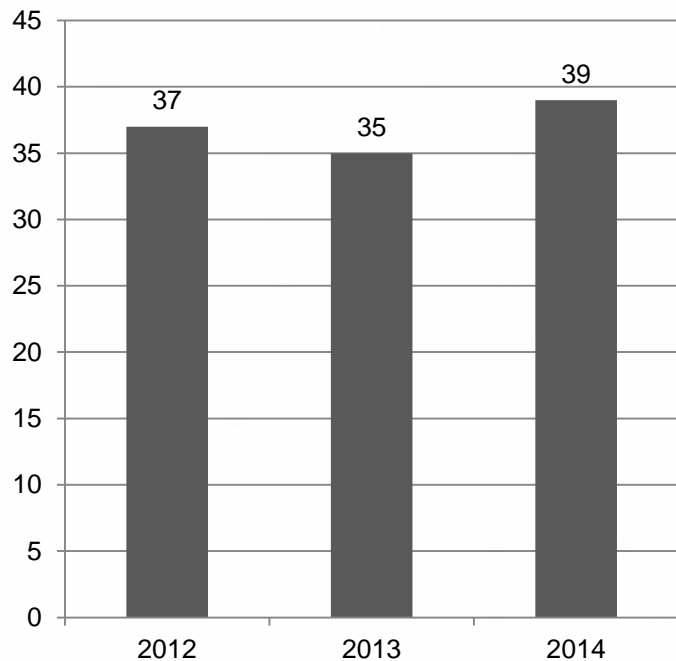
# Oil and gas investments



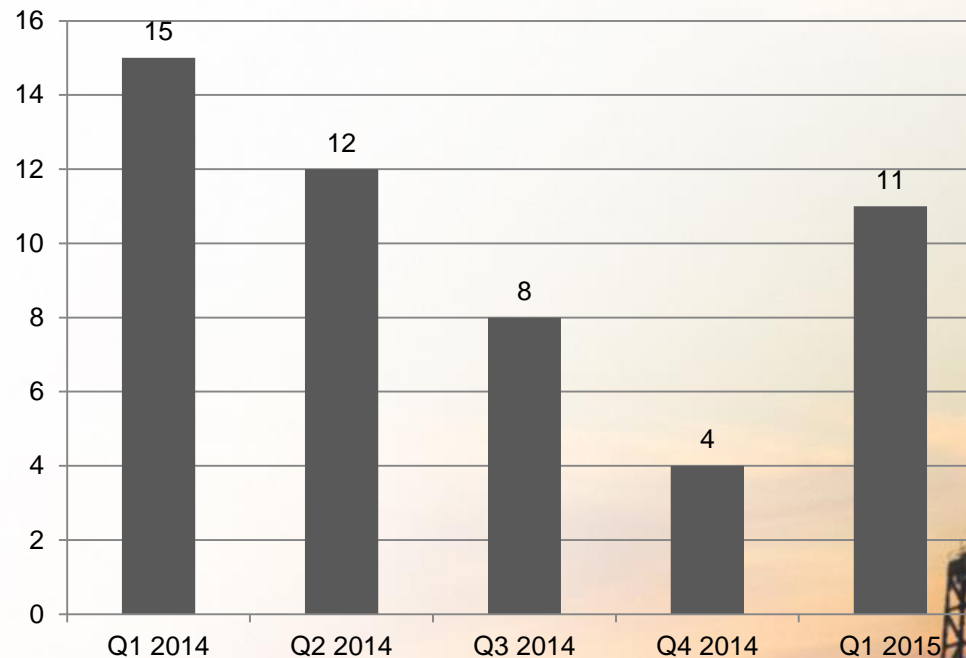
- Tethys continued to invest significantly in Blocks 3 and 4
- Majority of investments (MSEK 130) were wells, seismic studies and infrastructure on Blocks 3&4



# Wells in Oman



■ Wells drilled



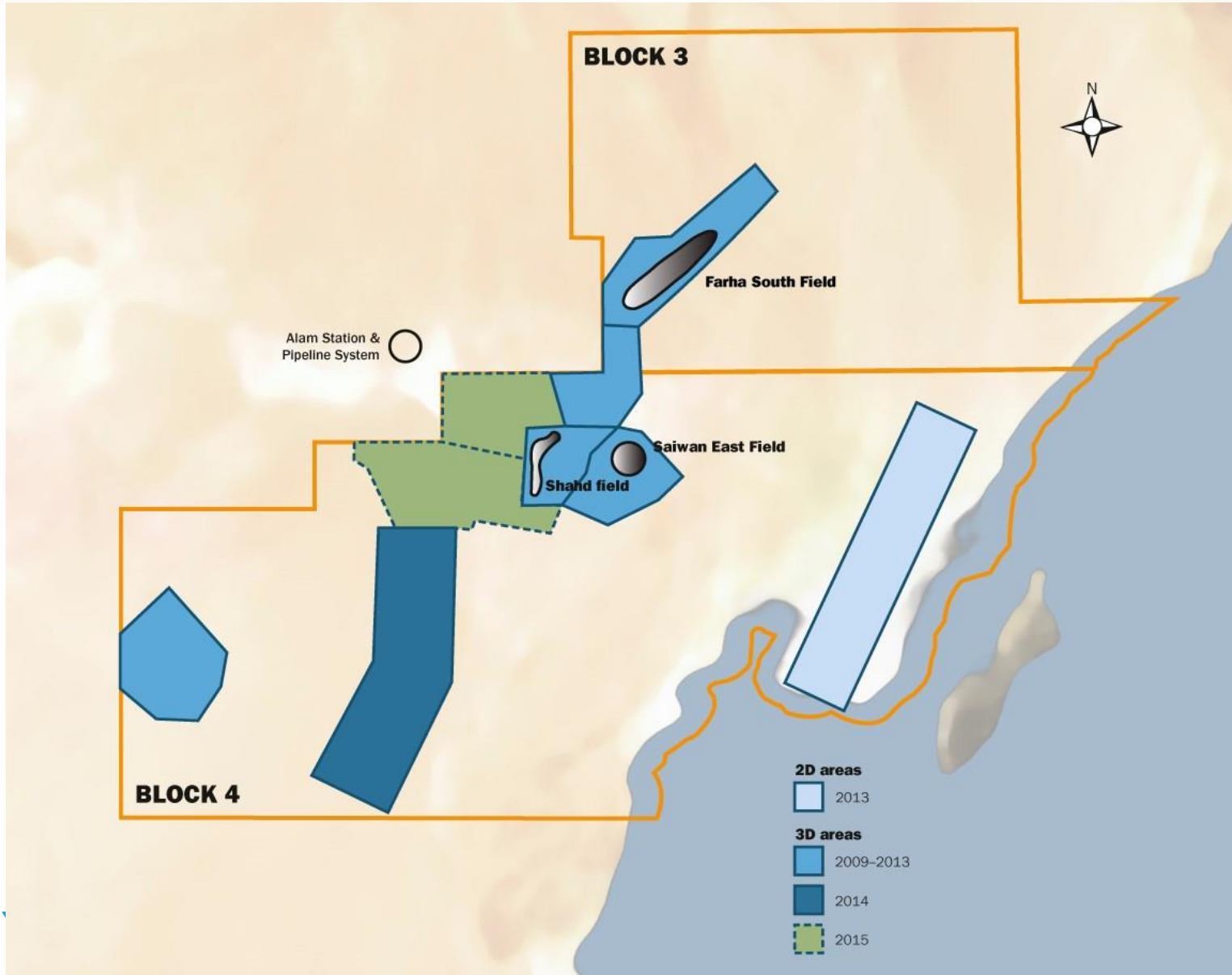
■ Wells drilled

- 11 wells drilled in Q1 2015
  - 4 wells on Farha South oil field
  - 6 wells on Shahd oil field
  - 1 exploration well in the B4 West 3D area

# Cash flow

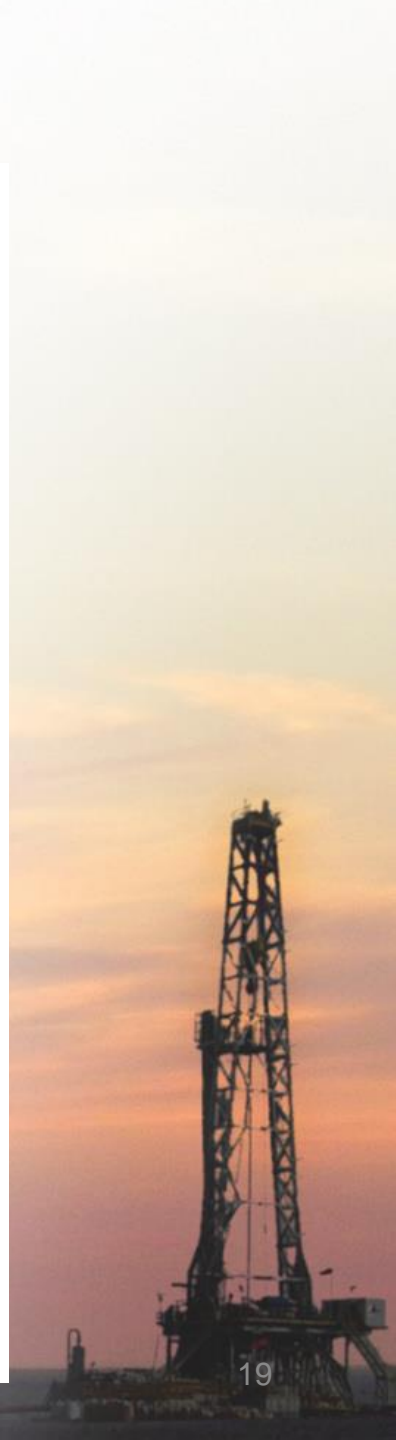
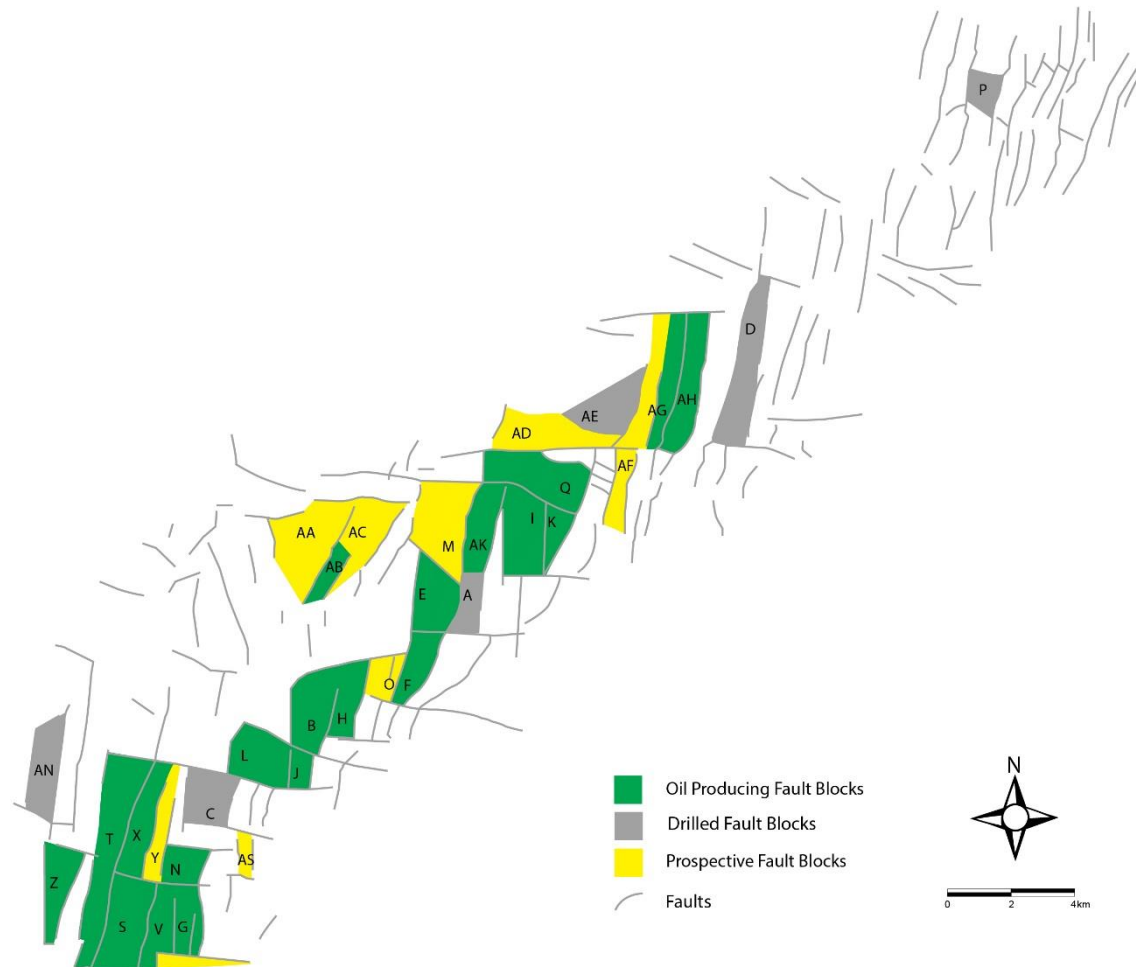
- Blocks 3 and 4 2015 investment budget is being adjusted to account for movement in oil prices. Increased focus on drilling
- Blocks 3 and 4 investments expected to be covered from cash flow from operations
- Total cash flow from Blocks 3 and 4 (oil sales less capex and opex) was positive during first quarter
- Lithuania operations are expected to be self-financed from oil production from the Gargzdai licence and available cash in the associated Lithuanian companies

# Block 3 and 4 overview





# Farha South field, 31 March 2015

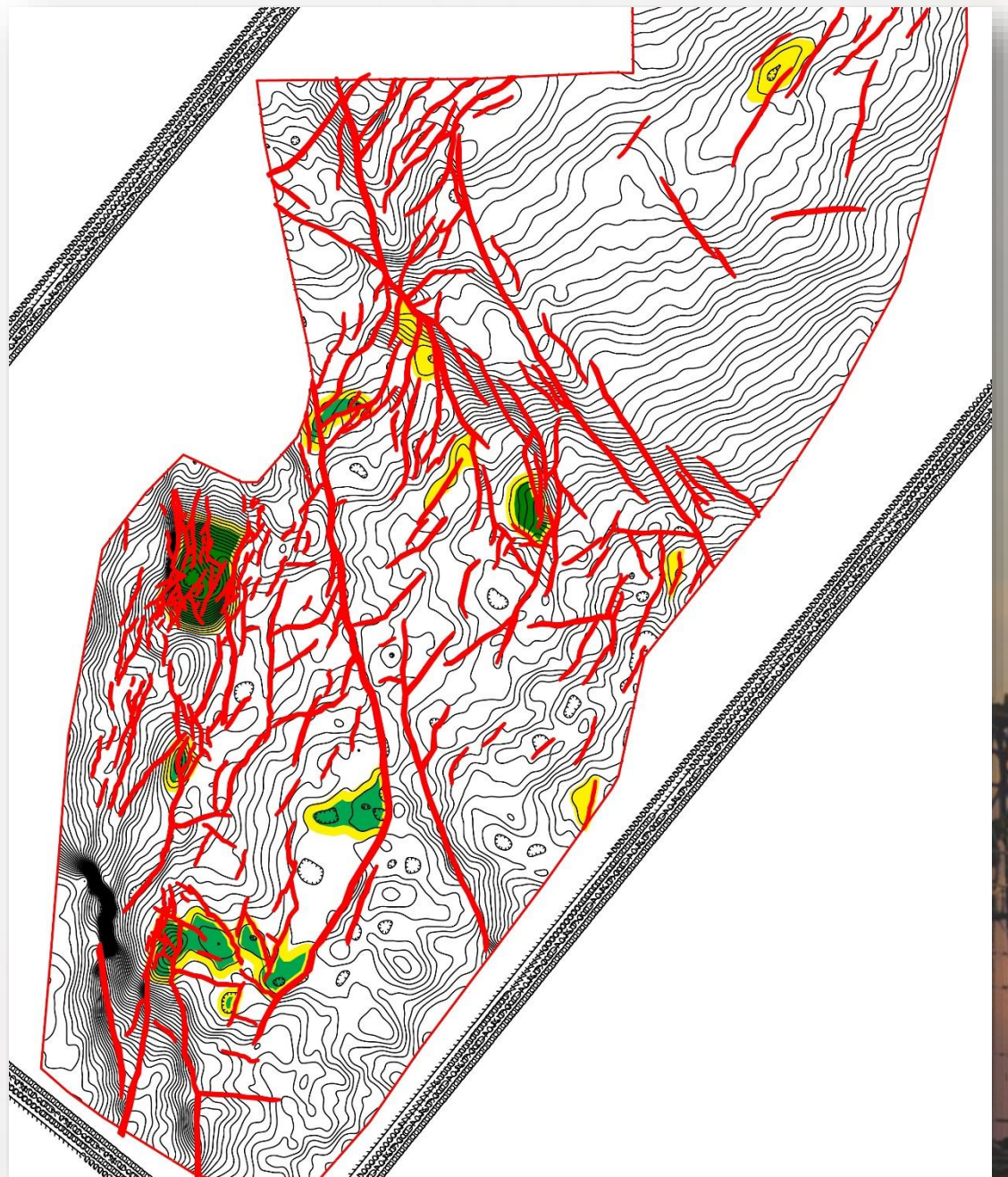
## Producing Fault Blocks At Fahra South (Blocks 3 & 4, Oman)





# Shahd Oil field

-  Producing areas
-  Prospects / prospective areas



# Outlook

- Oil price currently fairly stable at around USD 60 per barrel
- Continued significant investments on Block 3 and 4
- The drill bit activity to pick up further – four drill rigs and one workover rig planned to be in operation by end of Q2
- Trend with increasing production expected to continue with fluctuations on monthly basis
- Water injection pilot on Shahd oil field under evaluation
- Seismic studies in north west part of Block 4 continue
- 3 exploration wells to be drilled on Raseiniai licence with start late in Q2

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