

Q2 2018

14 August 2018




Q2-18 Highlights

(MUSD)	Q2-18	Q1-18	Q2-17	FY-17
Revenue and other income	36.4	34.2	31.4	119.3
EBITDA	24.3	21.5	21.0	78.2
Operating result	12.9	10.3	11.0	38.4

- Production from Oman, Blocks 3&4 amounted to 11,733 bopd (Q1-18: 11,574 bopd)
- Average selling price per barrel of USD 65.6, up 3% compared with Q1-18
- Net cash of MUSD 35.8, down from MUSD 52.4 in Q1-18 following distributions to shareholders of MUSD 19 in Q2-18 and early payment of MUSD 7.3 monthly cash call
- Three successful appraisal wells drilled on the 2017 discoveries, coming in as, or slightly better than, expected
- 750 km² increase of 3D seismic programme now totalling 2,750 km²

Tethys Oil's assets

	Country	Licence	Area, km2	Tethys share	Partners*	Reserves and resources, net, 31 Dec 2017 (mmbo) **		Production, net, Q2 2018 (bopd)
						2P	2C	
Producing Assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui	22.0	17.3	11,733
	Lithuania	Gargzdai	884	25%	Odin Energi, Geonafta	-	-	83
Exploration assets	Oman	Blocks 3&4	29,130	30%	CC Energy , Mitsui			
	Oman	Block 49	15,439	100%	Tethys Oil			
	Lithuania	Rietavas	1,594	30%	Odin Energi, Private investors			
	Lithuania	Raseiniai	1,535	30%	Odin Energi, Private investors			
	France	Attila	1,986	40%	Galli Coz			

* Operator in bold

** Reserves in Oman audited by ERC Equipoise Limited ("ERCE")



Distributions to shareholders

SEK/share (Payment year)	2018	2017	2016	2015
Ordinary dividend	2.00	1.00	1.00	1.00
Extraordinary distribution	4.00	-	3.00	2.00
Total	6.00	1.00	4.00	3.00

- In Q2 2018, the first instalment of SEK 1.00 per share of the ordinary dividend was paid. Second instalment will be paid in November 2018
- An extraordinary distribution of SEK 4.00 per share by way of a mandatory share redemption programme was conducted in Q2-18
- In total, MUSD 19 was distributed to shareholders in Q2-18

Reserves and resources at Dec 31, 2017

Reserves Blocks 3&4 Oman (audited)			
<i>mmbco</i>	1P	2P	3P
Farha South	9.2	11.8	16.1
Shahd	3.4	5.6	8.9
Saiwan East	0.6	1.3	1.8
New areas	2.3	3.4	5.7
Total	15.6	22.0	32.4

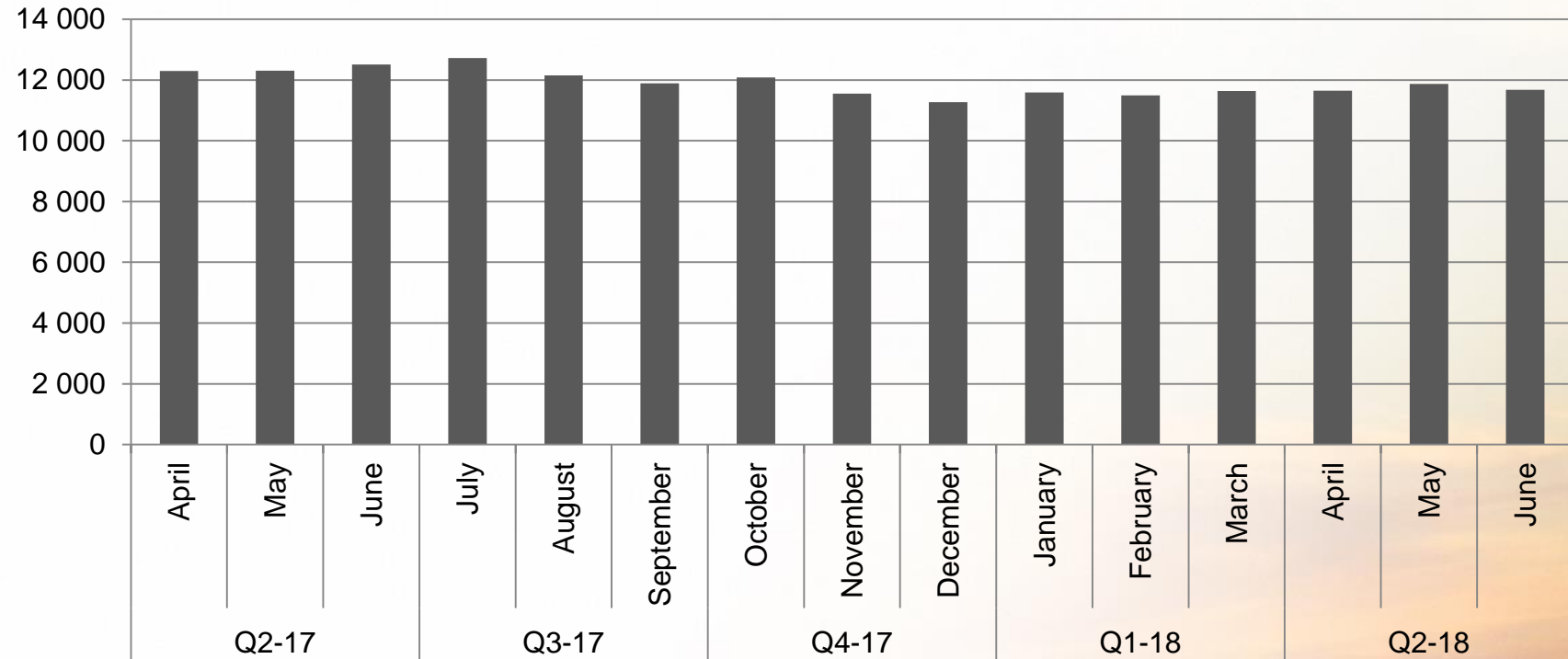
- 2017 Internal 2P reserve replacement ratio of 114%

Contingent Resources Blocks 3&4 Oman (audited)			
<i>mmbco</i>	1C	2C	3C
Total	10.1	17.3	27.3

- Contingent resources relate to the Erfan, Ulfa and Samah discoveries made in 2017
- The resources are contingent on the on-going appraisal programme and a work programme and budget to develop them

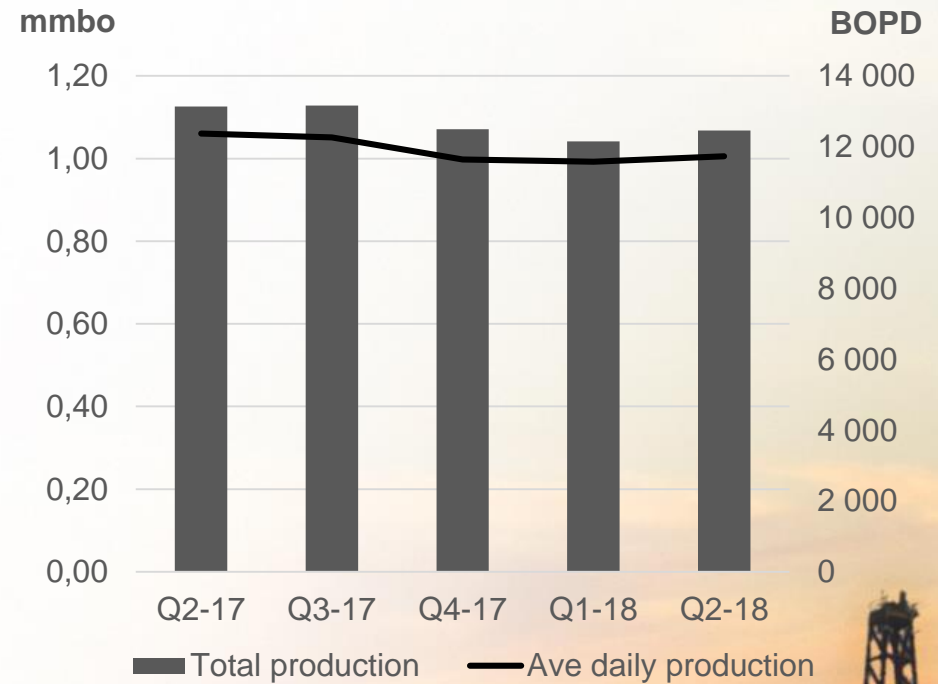
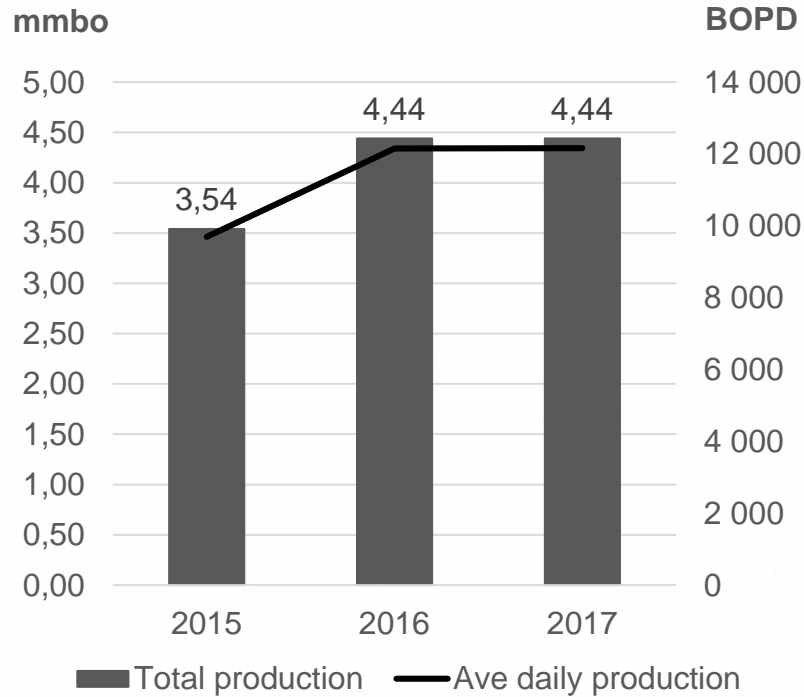
Average daily production, Blocks 3&4

BOPD



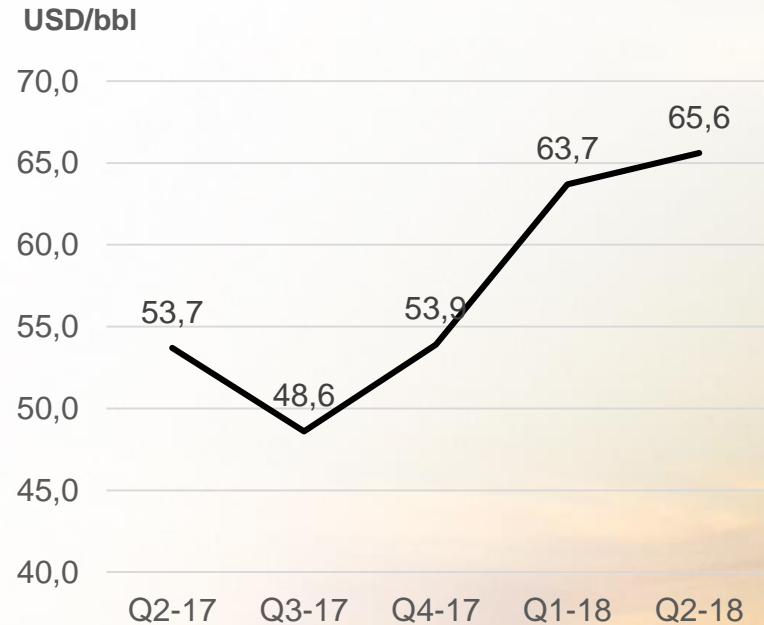
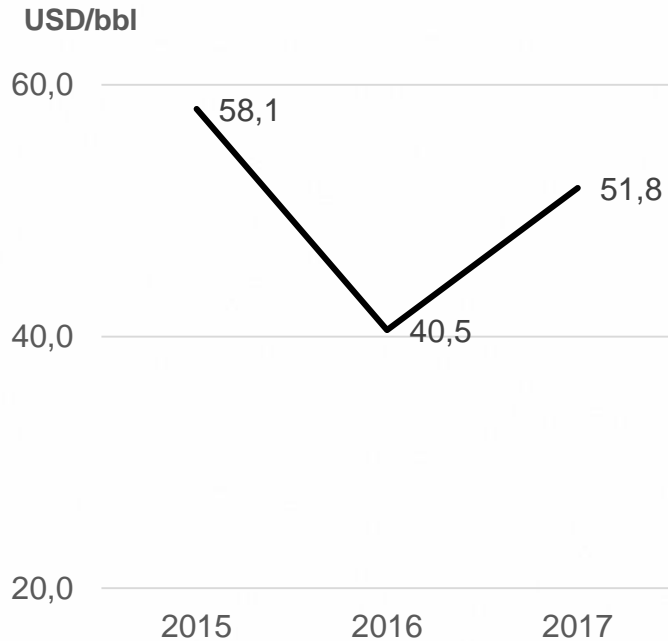
- Production guidance for 2018 is a monthly average production of between 11,000-13,000 bopd
- Monthly production anticipated to increase towards the higher end of the production guidance when the Ulfa EPF comes on stream (expected during Q4)

Production, Blocks 3&4



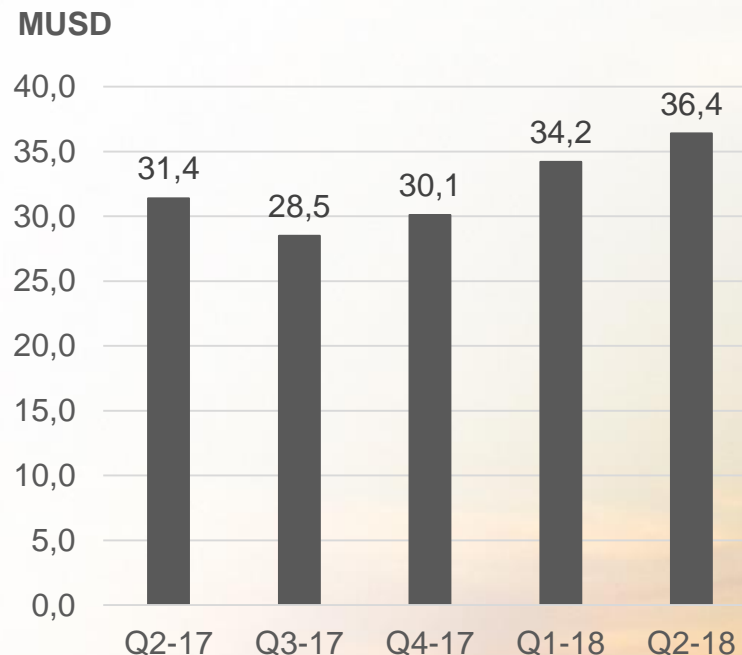
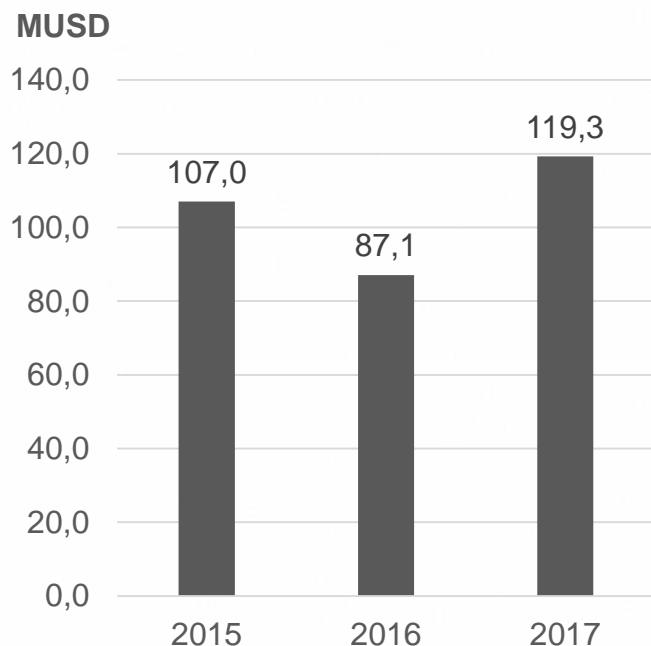
- Average daily production in Q2-18 amounted to 11,733 bopd (Q1-18: 11,574 bopd)

Average achieved selling price per barrel



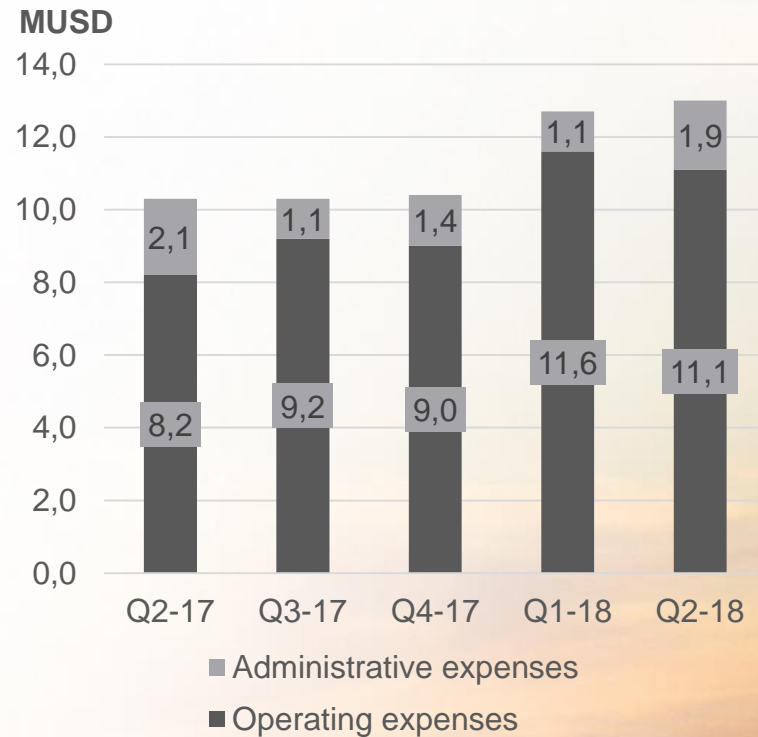
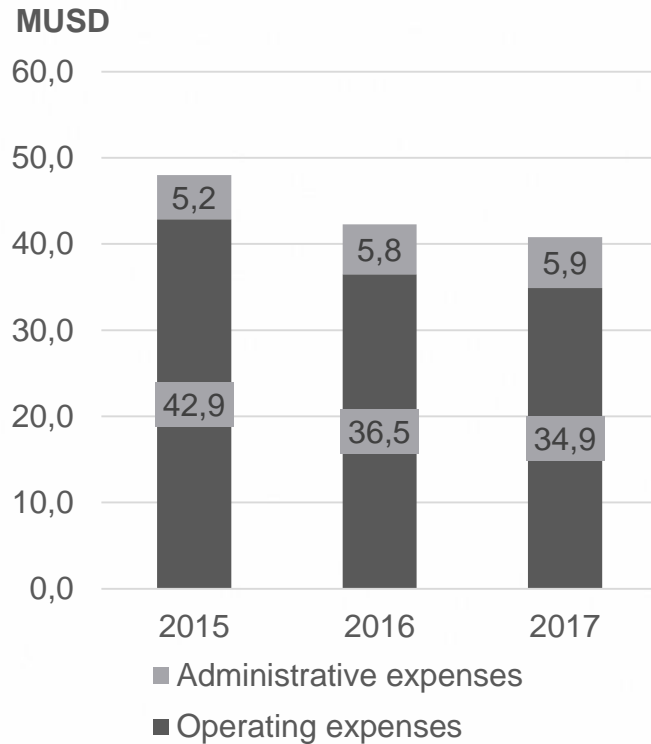
- Continued strengthening of the oil prices - average achieved selling price up 3% to USD 65.6/bbl, (Q1-18:USD 63.7/bbl)
- Selling price lags spot price by two months

Revenue and other income



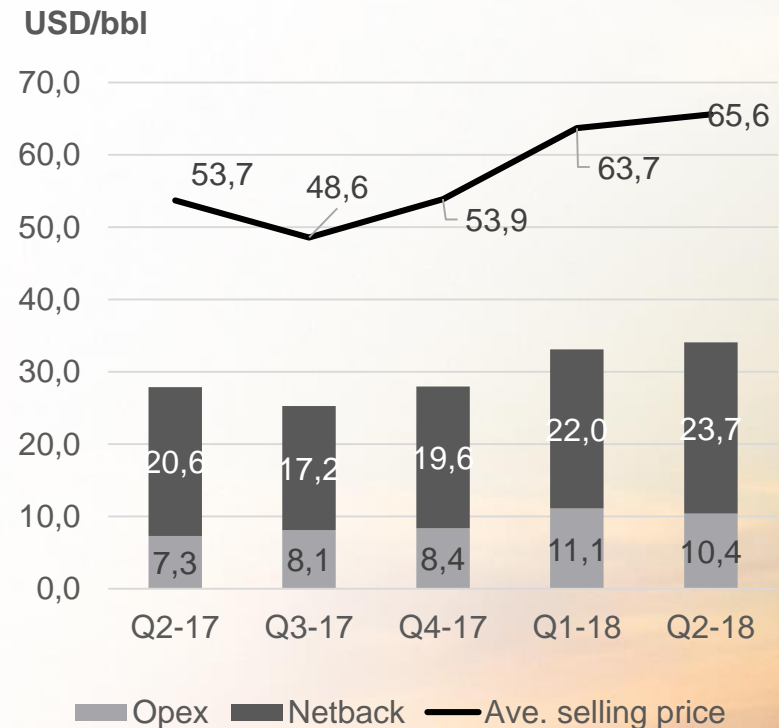
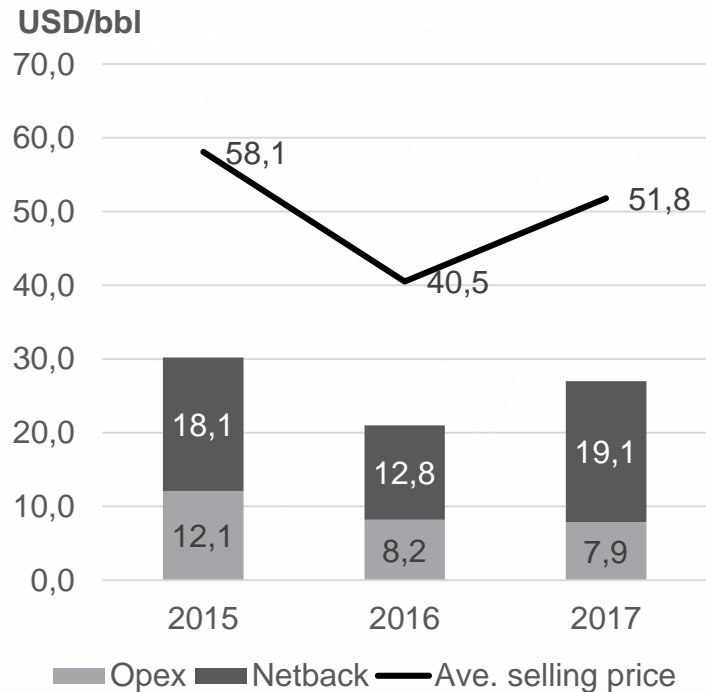
- Q2-18 Revenue and other income is up 6% compared with Q1-18 mainly due to the increase in oil prices and production

Expenses



- Production costs in Q2-18 remain at a higher level than during 2017 due to amongst other things higher per unit diesel costs, consumables and testing equipment rentals. Majority of production from mature fields where part of the wells have higher production costs

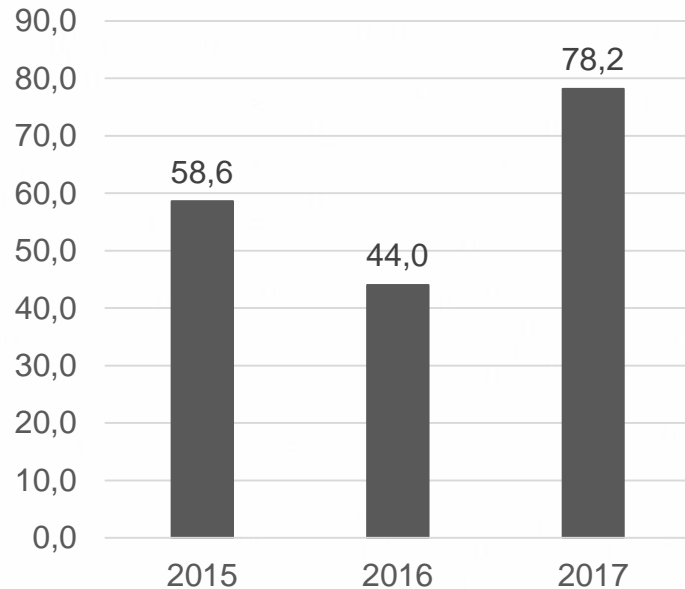
Opex and Netback* per barrel (USD/bbl)



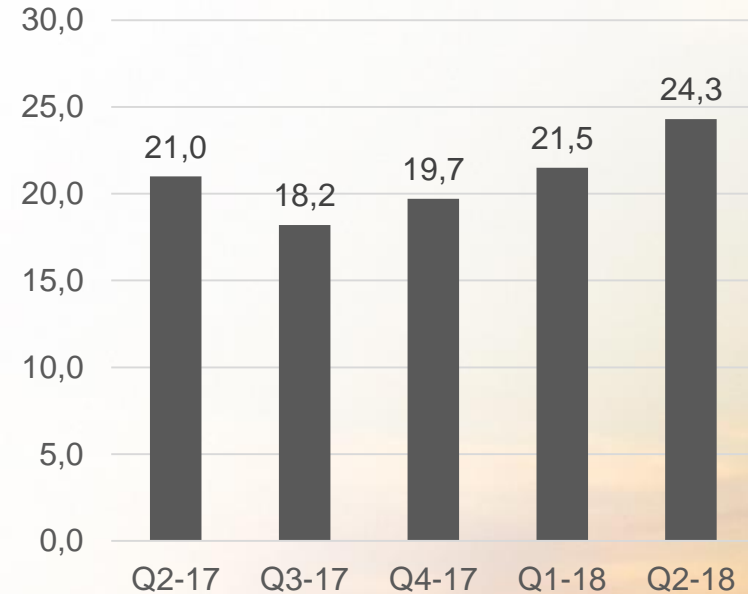
- Netback up 8% in Q2-18 compared with Q1-18 due to the increase in oil prices and slightly lower operating expenses per barrel
- Expectation of lower OPEX/bbl when Ulfa EPF is up and running

EBITDA

MUSD



MUSD



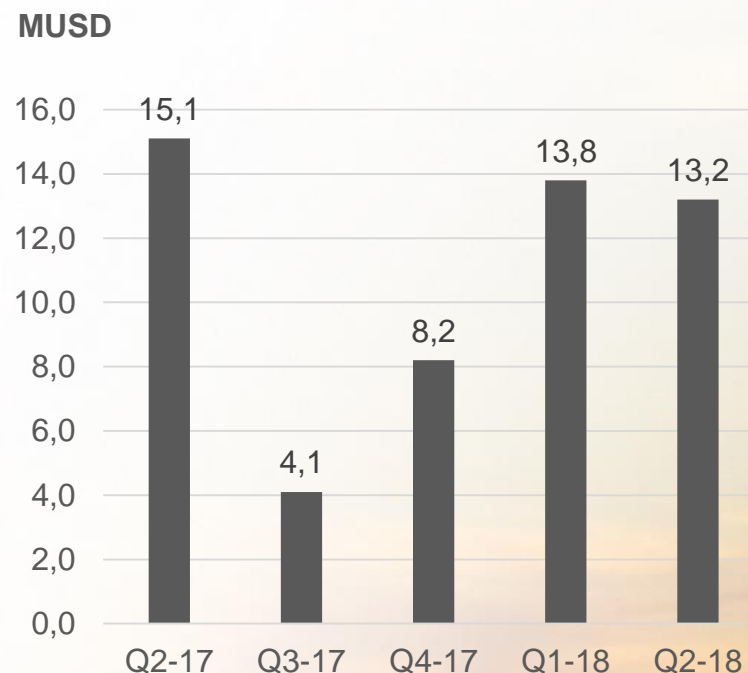
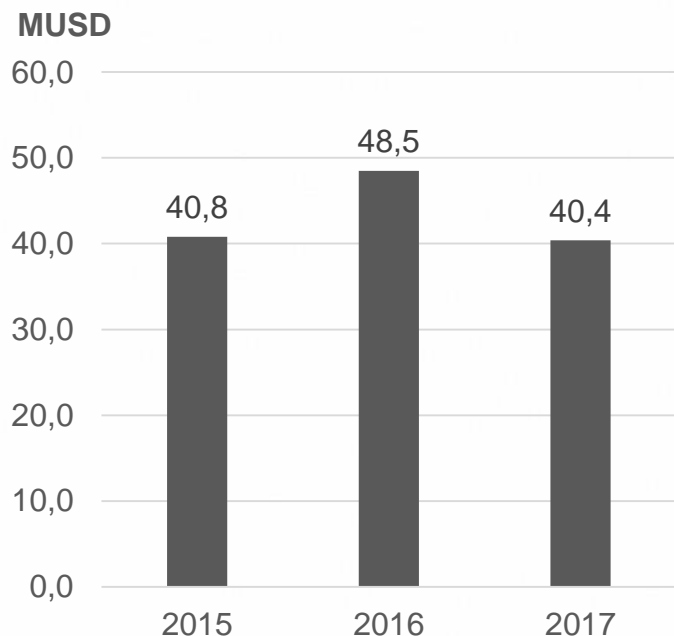
- EBITDA of MUSD 24.3 in Q2-18, up 13% compared with Q1-18
- EBITDA margin of 67% in Q2-18, compared with 63% in Q1-18

Balance Sheet

(MUSD)	2018-06-30	2018-03-31	2017-12-31	2017-06-30
Net cash	35.8	52.4	42.0	32.3
Total assets	244.1	257.7	244.7	237.6
Shareholders' equity	230.8	238.4	228.5	213.1

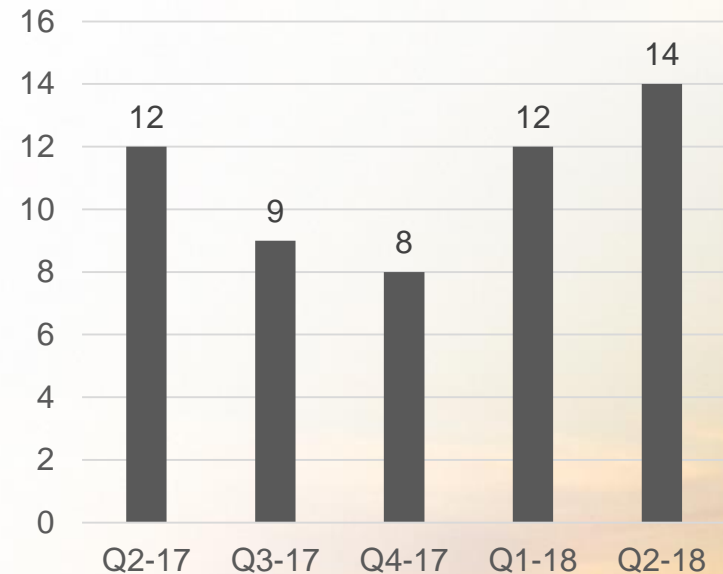
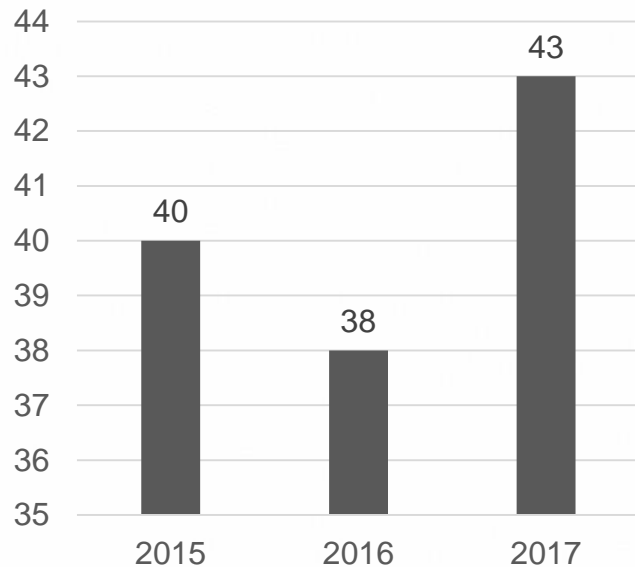
- Net cash position of MUSD 35.8, down from MUSD 52.4 in Q1-18 following
 - distribution to shareholders of MUSD 19 in Q2-18
 - operator cash call for July 2018 paid in Q2-18, which affected the cash position negatively by MUSD 7.3

Oil and gas investments



- Tethys Oil's investments amounted to MUSD 13.2 in Q2-18
- Investment guidance 2018: MUSD 53-62, including deferred investments from 2017

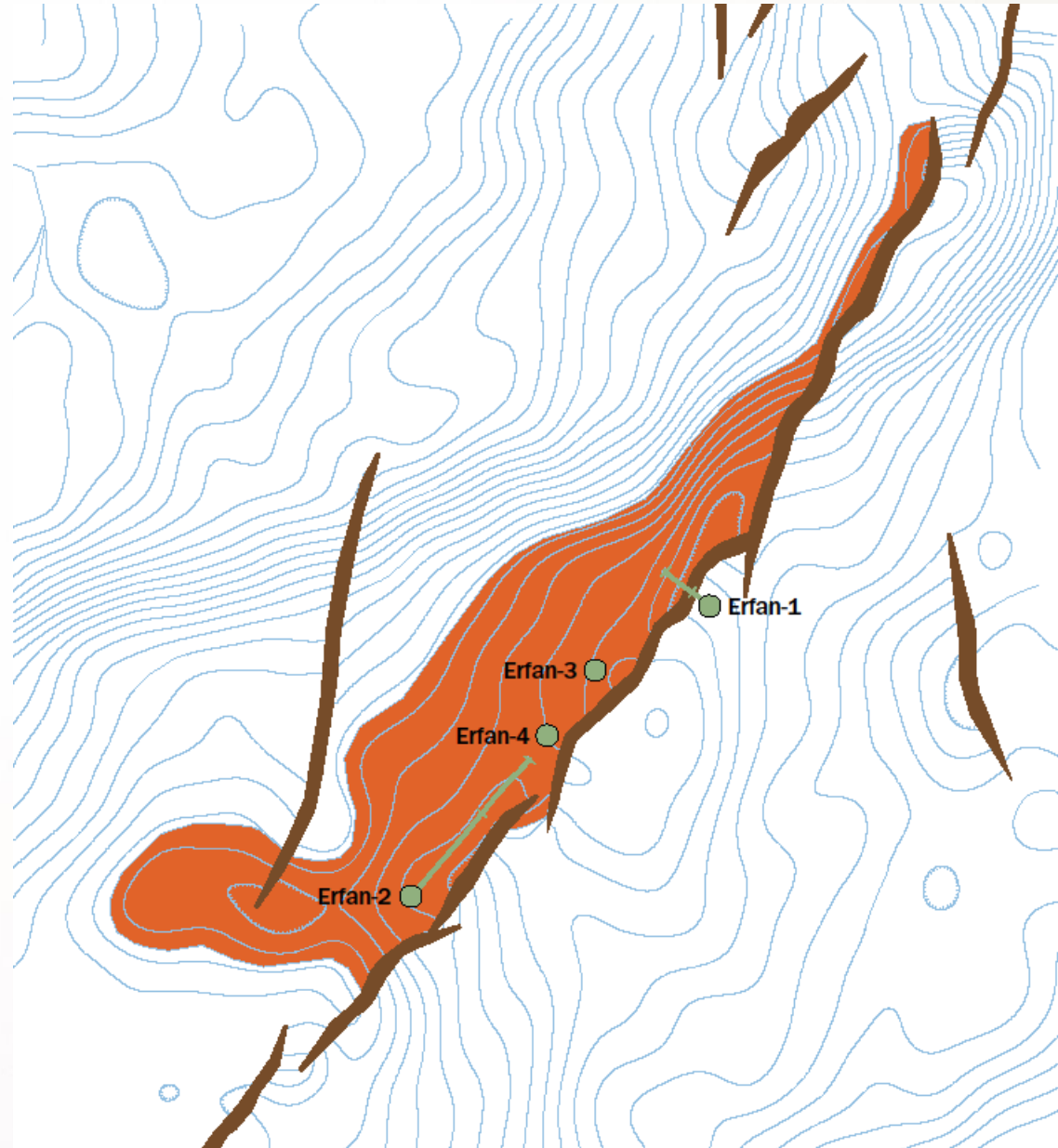
Wells on Blocks 3&4



Wells completed Q2-18	Farha South Field	Shahd and Saiwan East Fields	Near and far field	Total
Appraisal/Production	6	1	3	10
Water injection	4	-	-	4
Water source	-	-	-	-
Exploration	-	-	-	-
Total	10	1	3	14

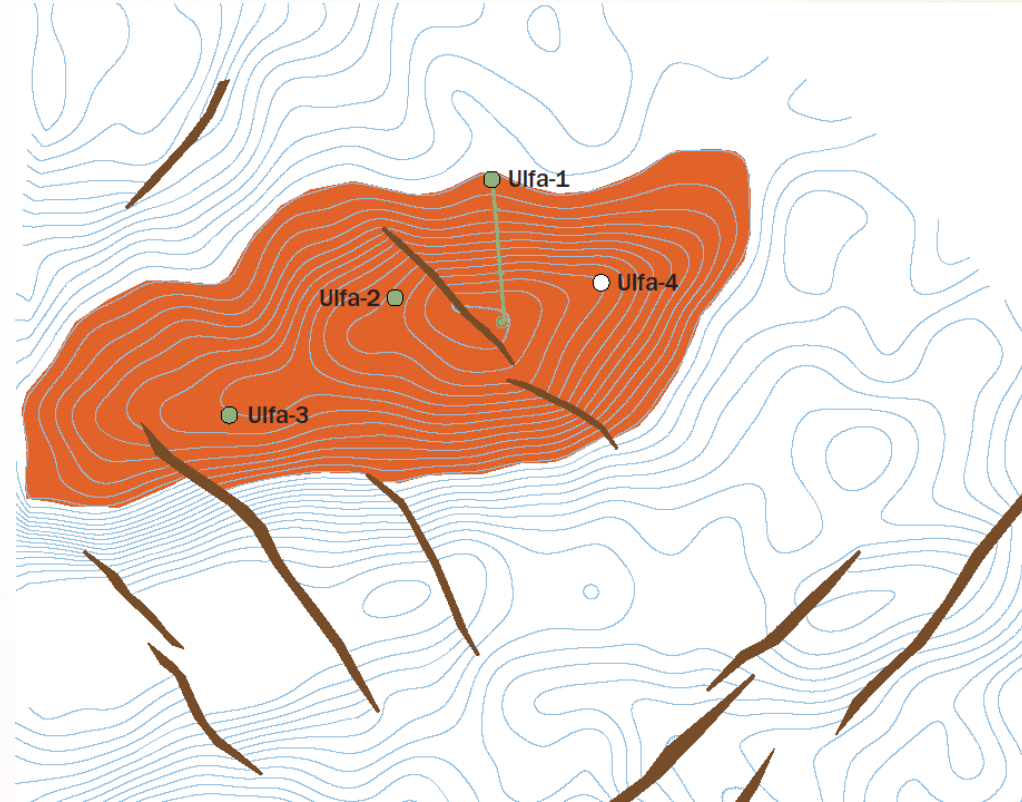
Erfan appraisal

- 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
- Erfan-4 well successfully drilled in Q2-18 to drain and evaluate the area between Erfan-2 and Erfan-3 and will be hooked up to production facilities



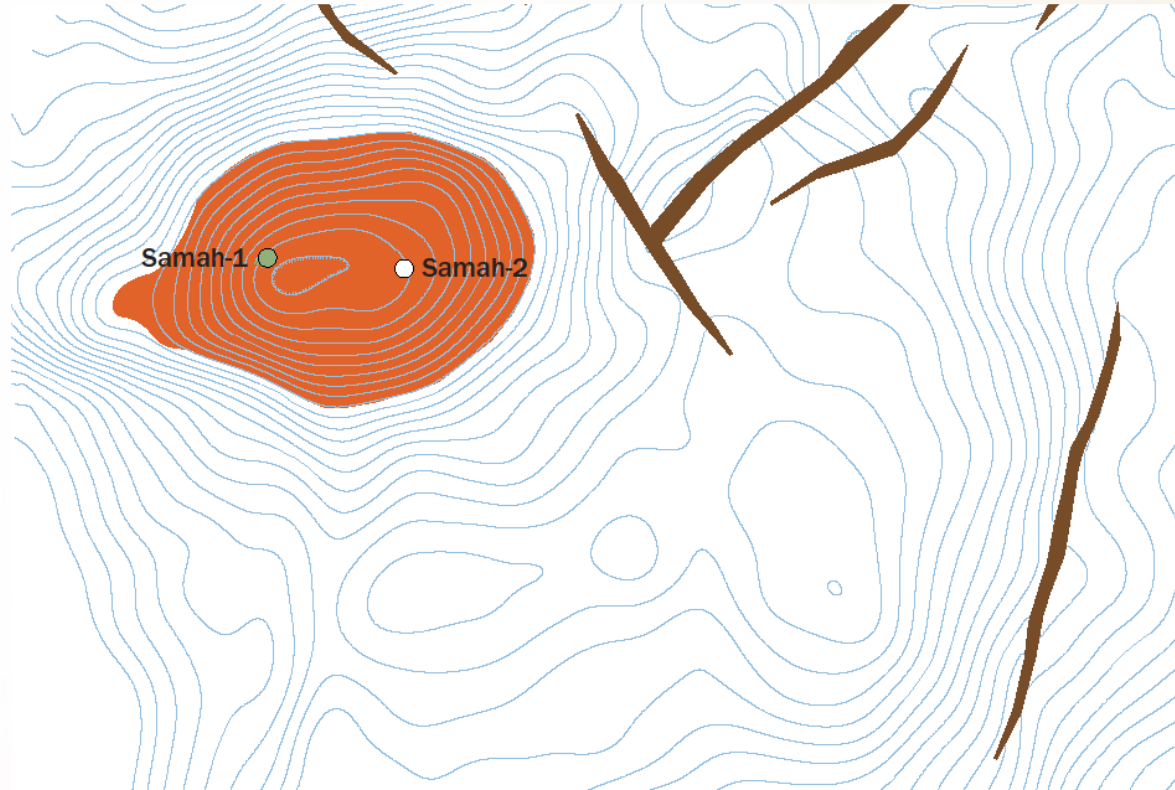
Ulfa appraisal/development

- Location: South of the Farha South field, along the Farha South trend
- Ulfa-1 and Ulfa-2 in production and temporarily connected to Farha South facilities
- All wells to be connected to Ulfa EPF, expected to be up and running during Q4-18
- Discovery well drilled in Q2-17
- Appraised with two successful wells in Q2-18. Both wells encountered oil and results were as, or slightly better than, expected
- Ulfa-4 appraisal well to be drilled in Q3-18

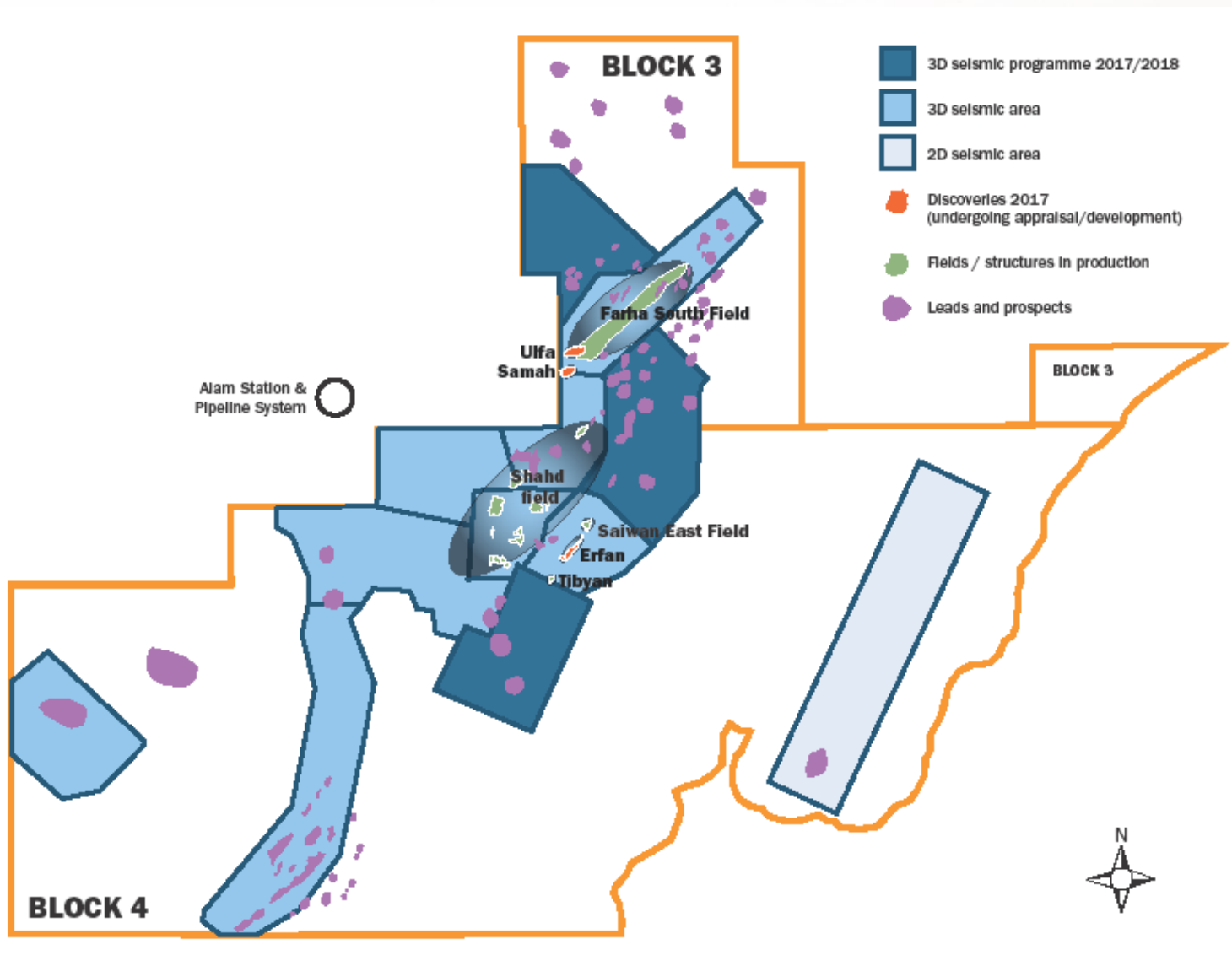


Samah appraisal/development

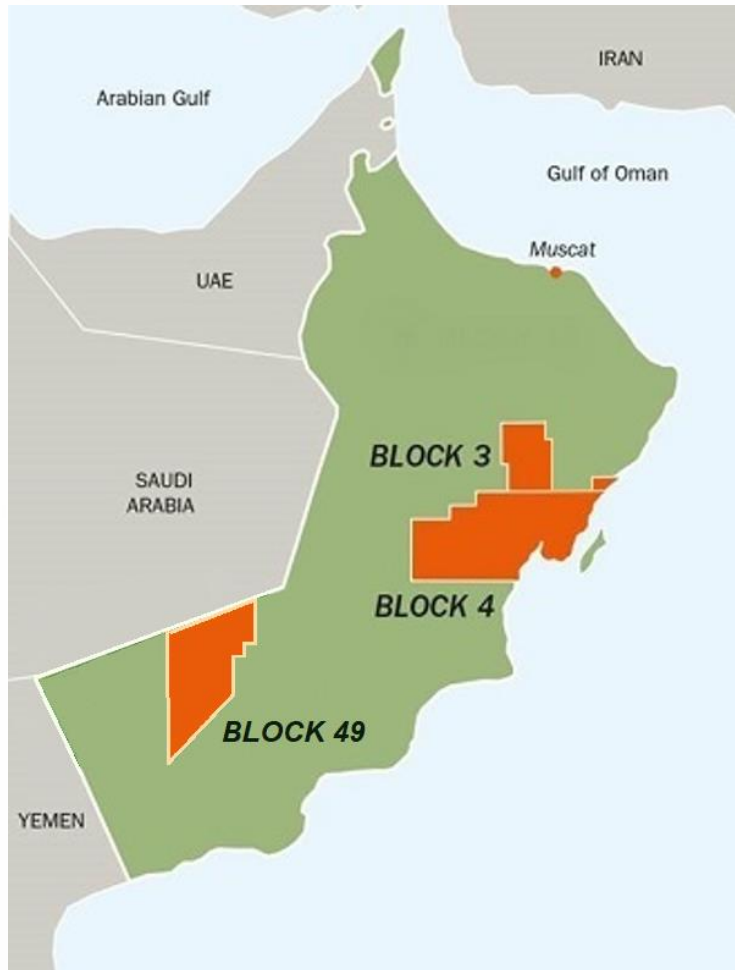
- Location: 5 km south of the Ulfa discovery
- Samah-1 in production and temporarily connected to Farha South facilities
- All wells to be connected to Ulfa EPF
- Discovery well drilled in Q4-17
- Samah-2 well, first appraisal well on Samah, spudded in Q2-18



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



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

Tethys Oil is the second largest onshore oil concession holder in terms of acreage in Oman

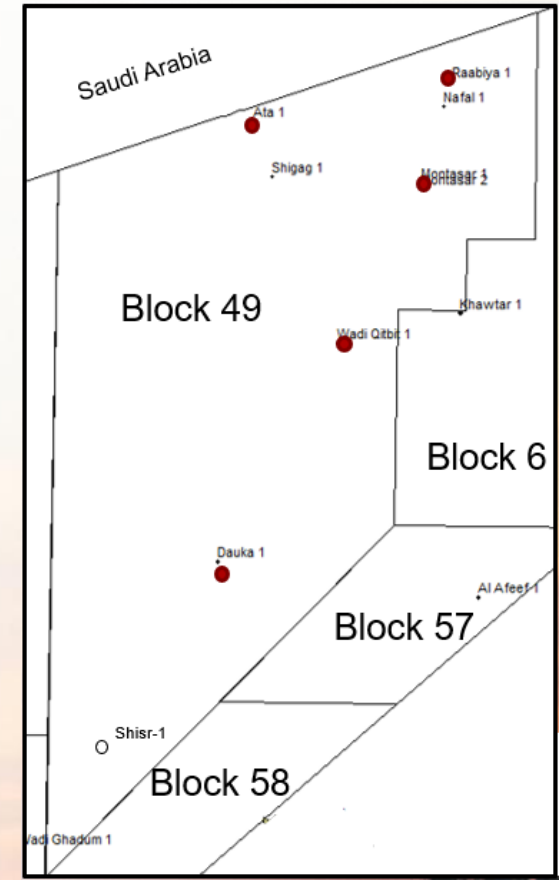
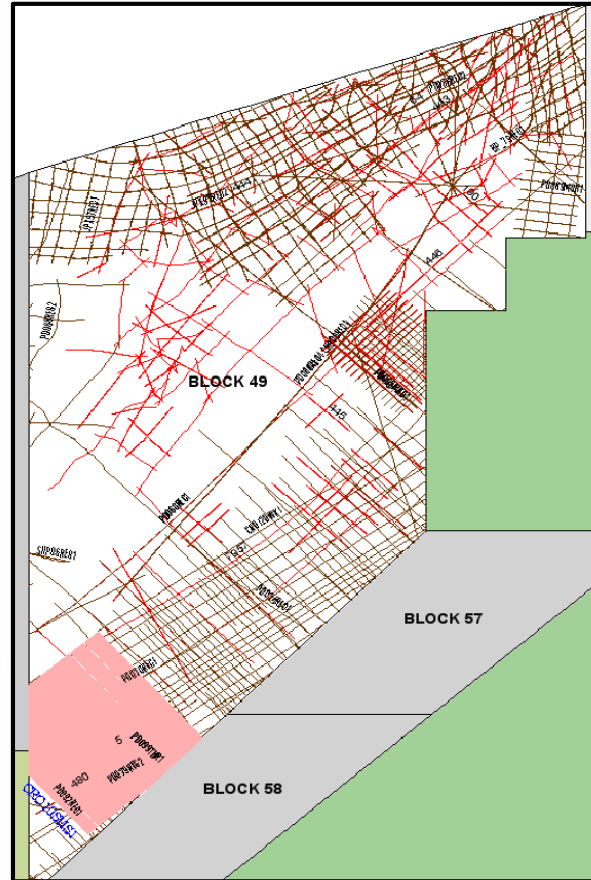
- Over 11,000 km of legacy 2D seismic data
- 9 wells drilled, several with oil shows
- G&G work started incl study of legacy seismic data



Available Data (Block 49)

Some 40 lines of 2D legacy seismic data of a length of about 1,000 km are being reprocessed, providing better resolution

The ongoing interpretation of the reprocessed lines will be used to evaluate where to acquire new seismic



● Reported oil shows

Highlights

- **Appraisal drilling results on last year's discoveries as, or slightly better than, expected (2C 17.3 mmbo)**
 - **Three appraisal wells drilled, Ulfa-4 and Samah-2 to be drilled in Q3-18 – appraisal programme to be continued**
 - **Ulfa EPF construction ongoing**
- **Several thousand square km of new 3D seismic around the producing fields being acquired and interpreted**
- **Luja exploration well to be further evaluated before year-end**
- **At least one more exploration well to be drilled before year-end**
- **Production in line with expectations and sold at a healthy price**
- **Production anticipated to increase towards the higher end of production guidance when Ulfa EPF is up and running**
- **Block 49: reprocessing of legacy seismic data ongoing**

Q3 2018

Will be published 6 November 2018!



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