

Third quarter and nine months report - 30 September 2019

Third quarter 2019 (second quarter 2019)

- Record Production from Blocks 3&4, Oman, at 13,053 bopd (12,881 bopd)
- Revenue and other income of MUSD 40.7 (MUSD 41.3)
- EBITDA of MUSD 26.6 (MUSD 27.9)
- Net result of MUSD 14.9 (MUSD 17.3)
- Earnings per share amounted to USD 0.44 (USD 0.51)
- Exploration well Maather-1 spudded, drilling is ongoing
- Acquired a 20% interest in Block 56, Oman

MUSD (unless specifically stated)	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Net daily production from Oman, Blocks 3&4 before government take (bbl)	13,053	12,881	11,857	12,616	11,723	11,767
Net barrels produced, after government take (bbl)	624,433	609,523	567,258	1,790,923	1,664,145	2,233,323
Net barrels sold, after government take (bbl)	635,947	561,077	579,360	1,810,776	1,620,552	2,163,148
Average selling price per barrel, USD	65.4	67.8	74.3	64.9	68.1	70.5
Revenue and other income	40.7	41.3	42.3	114.7	112.9	157.3
EBITDA	26.6	27.9	30.1	71.7	75.9	106.6
Operating result	14.5	16.4	18.5	36.5	41.7	60.7
Result for the period	14.9	17.3	18.2	38.7	42.3	62.2
Earnings per share (after dilution), USD	0.44	0.51	0.53	1.13	1.24	1.82
Net cash	71.9	62.0	63.7	71.9	63.7	73.1
Investments in oil and gas properties	14.5	12.8	12.6	39.0	39.5	55.8

Tethys Oil AB (publ)

Tethys Oil is a Swedish oil company with focus on onshore areas with known oil discoveries. Tethys Oil's core area is Oman, where the company holds 2P reserves of 25 mmbo and 2C Contingent Resources of 13 mmbo and had an average oil production of 11,767 barrels per day from Blocks 3&4 during 2018. Tethys Oil also has onshore exploration licences in Lithuania and France and some production in Lithuania. The shares are listed on Nasdaq Stockholm (TETY). Website: www.tethysoil.com

Letter to shareholders

Dear Friends and Investor,

The highlights of this letter can be summarised in three numbers:

- 13,053
- 49
- 56

13,053 barrels per day is the highest quarterly average daily oil production Tethys Oil has received from Blocks 3&4 ever!

49 is for Block 49, where the seismic interpretation and the incorporation of the new data into our geological model has confirmed our expectation that the block is more prospective than history has shown. Our initial, well focused, seismic campaign has identified one drillable prospect and several leads and potential leads within the new 3D and 2D seismic areas. Details will follow and we must remember that Block 49 at this stage is in the exploration phase and still carries geological uncertainty – but we are off to a very good start! In the first half of next year, we plan to drill a very interesting exploration well which we naturally hope will result in a commercial discovery, but also will provide data to further enhance our understanding of the petroleum potential of Block 49.

56 is for Block 56, which is the farm in we announced late in October and is still subject to government approval. Block 56 is very much a Tethys Oil project, the kind of project we have been trying to secure for some time. It makes very good sense technically in that Block 56 is located a mere 200 km from the southern border of Blocks 3& 4 and part of the block offers a similar geology to Blocks 3&4. It is a project were Tethys Oil's technical expertise can make a real contribution towards future success.

Operationally we note that some interesting exploration work has been carried out by the current operator and Tethys Oil is able to enter the block in time to flow test three wells that have already been drilled. In effect we can take a shortcut and skip the drilling and go straight for the result - the testing of wells. And worth noting, the 'entry price' is quite low. So, if the block works as we hope, we are about to enter a new block that could have the kind of potential that Blocks 3&4 had ten years ago. So, the risk reward ratio is extremely attractive.

Needless to say, we will have ample reason to get back to Block 56 in the near future. Just as we will have reason to keep you updated on progress on Block 49 in relation to drilling preparation activities and as more information on the targeted prospect becomes available. But in the meantime, let us return to those 13,053 BOPD produced, net to Tethys Oil, during the third quarter from Blocks 3&4.

Our main asset had another good quarter. Record production followed the continued fine tuning of primarily the Ulfa facility but also successful drilling of production wells on Shahd field and remedial and maintenance work on the older fields. Average production costs are well within our expectations and production cost per barrel was USD 10.1 for the quarter. Our record production levels were slightly offset by the marginally lower oil prices acquired resulting in revenues and other income of MUSD 40.7 - in line with the second quarter 2019. Cash flow remain strong and resulted in our net cash position increasing during the quarter from MUSD 62.0 to MUSD 71.9.

On the exploration side, the well Maather-1 is currently drilling whereas the Yusr-1 well has completed drilling and encountered oil shows. However, Yusr-1 did experience some difficulties during drilling and testing operations. Although the well indicated good oil shows while drilling testing has so far been inconclusive, but work continues and we remain hopeful of a successful well test later this year.

But for now, let us rejoice in the 13,053 BOPD and all the other activities we offer. And also do not forget the second part of the 2019 dividend, SEK 1.00 per share, that is payable in November.

Stay with us – it has been a few years since we had this much activity to offer for the near future.

Stockholm, 5th November 2019

Magnus Nordin
Managing Director

Operational and Financial Review¹

Tethys Oil's core area is onshore the Sultanate of Oman ("Oman"), where the Company holds a 30 percent non-operated interest in the exploration and production licence for Blocks 3&4 ("Blocks 3&4") and a 100 percent operated interest in the exploration licence for Block 49 ("Block 49"). Tethys Oil also has non-operated interests onshore Lithuania via an associated company and in one licence onshore France.

Production

Tethys Oil's share of production during the third quarter 2019, before government take, was 1,200,833 barrels of oil, corresponding to 13,053 barrels of oil per day ("bopd"). Third quarter 2019 average daily production was marginally higher than the second quarter 2019, which averaged 12,881 bopd, an increase of over one percent.

Tethys Oil's share of quarterly volumes, before government take	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Oman, Blocks 3&4					
Production before government take (bbls)	1,200,833	1,172,159	1,071,089	1,094,572	1,090,880
Average daily production (bopd)	13,053	12,881	11,901	11,898	11,857

Production guidance 2019

The production guidance for 2019 remains unchanged with annual average net production from the Company's existing operations on Blocks 3&4 in Oman during 2019 expected to amount to between 12,000-13,000 bopd. Based on the year to date production levels the 2019 full year production is expected to be at the higher end of the guidance range.

Revenue and other income

Revenue and other income from Blocks 3&4 are generated from Tethys Oil's share of oil production. Tethys Oil receives its 30 percent interest of the joint operation's share of oil production (currently 52 percent) with the remaining share being government take. The joint operation's share of oil production is determined by the availability of recoverable costs spent in the period, the balance of the unrecovered historical costs (the "Cost Pool") as well as its fixed share of profit oil. During the third quarter 2019 the joint operation recovered the outstanding balance of historical costs in the Cost Pool. Thus, going forward Tethys Oil's share of production entitlement will be determined by the level of ongoing expenditure of operating and capital costs associated with Blocks 3&4 together with its fixed share of profit oil. It is expected that, on the basis of currently expected expenditures, the net entitlement of oil production will be 52 percent for the remainder of 2019.

Revenue and other income	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Oil sold, bbl	635,947	561,077	613,752	542,596	579,360
Underlift/overlift movement, bbl	-11,514	48,446	-56,785	26,581	-12,102
Net barrels produced, after government take, bbl	624,433	609,523	556,967	569,177	567,258
Oil price, USD/bbl	65.4	67.8	61.6	77.9	74.3
Revenue, MUSD	41.6	38.1	37.8	42.2	43.1
Underlift/overlift adjustments, MUSD	-0.9	3.2	-4.1	2.2	-0.8
Overlift adjustment Export Reporting Error	-	-	-1.0	-	-
Revenue and other income, MUSD	40.7	41.3	32.7	44.4	42.3

During the third quarter 2019, Tethys Oil sold a record volume of 635,947 barrels of oil from Blocks 3&4, which is over 13% higher than the second quarter of 2019 when 561,077 barrels of oil were sold. However, the sales volumes in the third quarter 2019 have resulted in a reduced underlift position.

An adjustment of MUSD -1.0 has been included in the overlift adjustment in the first quarter 2019. For further information, please see "Export Reporting Error" in Note 7.

¹ The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil", "Tethys" or the "Group"), in which group Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the third quarter 2019. Segments of the Group are geographical markets.

Underlift/overlift, bbls	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Underlift/overlift, movement during period	-11,514	48,446	-56,785	26,581	-12,102
Underlift/(overlift), closing position	14,230	25,744	-22,702	34,083	7,501

Oil sale volumes are nominated two months in advance and are not based upon the actual production in a month; as a result, oil sales volumes can be above or below production volumes. Where the oil sales volume exceeds the volume of barrels produced, an overlift position occurs and where it is less, an underlift position occurs. Underlift/overlift positions are taken into account for future oil sales nominations, aiming at balancing the position. Tethys Oil reduced its underlift position during the third quarter 2019, which as at 30 September 2019 amounted to 14,230 barrels.

Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. Tethys Oil's average selling price is based on the monthly average price of the two-month future contract of Oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

The average selling price during the third quarter 2019 amounted to USD 65.4 per barrel, down USD 2.4 from USD 67.8 during the second quarter 2019.

Revenue in the third quarter 2019 was MUSD 41.6 compared to MUSD 38.1 in the second quarter 2019. The adjustment for the reduction of the underlift position in the third quarter 2019 amounted to MUSD -0.9. Revenue and other income in the third quarter 2019 amounted to MUSD 40.7 compared to MUSD 41.3 in the second quarter 2019. The decrease of over one percent is due to the lower oil price.

Operating expenses

Operating expenses, Blocks 3&4	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Production costs, MUSD	11.0	11.0	12.8	11.3	10.4
Well workovers, MUSD	1.1	1.0	1.4	0.9	0.7
Total operating expenses, MUSD	12.1	12.0	14.2	12.2	11.1
Operating expenses per barrel, USD	10.1	10.2	13.3	11.1	10.1

Production costs relate to oil production on Blocks 3&4, and comprise expenses for throughput fees, energy, consumables, equipment rental, field staff and maintenance, as well as administration, including operator overhead.

Operating expenses, including costs for well workovers and interventions, for the third quarter 2019 amounted to MUSD 12.1 and were in line with the second quarter 2019 when operating expenditure amounted to MUSD 12.0. The high operating costs in the first quarter 2019 were primarily due to one off costs associated with the start-up of the Ulfa EPF, a higher number of work-overs than usual involving well interventions as well as carry-over costs from 2018 relating to Ulfa commissioning.

Netback

Netback Blocks 3&4, USD/bbl	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Oil price achieved (sales barrels)	65.4	67.8	61.6	77.9	74.3
Revenue (after government take)	34.0	35.2	32.1	40.5	38.6
Operating expenses	10.1	10.2	13.3	11.1	10.1
Netback	23.9	25.0	18.8	29.4	28.5

Netback per barrel decreased in the third quarter 2019 compared to the second quarter 2019 due to lower oil prices.

Depletion, depreciation and amortisation

DD&A, Blocks 3&4	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
DD&A, MUSD	12.1	11.4	11.5	11.7	11.6
DD&A per barrel, USD	10.1	9.7	10.8	10.7	10.7

Depletion, depreciation and amortisation (“DD&A”) during the third quarter 2019 amounted to MUSD 12.1, compared to MUSD 11.4 in the second quarter 2019.

Administrative expenses

Administrative expenses for the third quarter 2019 amounted to MUSD 1.9 compared to MUSD 2.0 during the second quarter 2019. Administrative expenses mainly relate to staff, rents, listing costs and external services.

Net financial result

The net financial result during the third quarter 2019 amounted to MUSD 0.4 compared to MUSD 1.0 during the second quarter 2019. The net financial result for the third quarter 2019 is primarily related to currency exchange effects. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash related items. Other financial costs during the third quarter 2019 amounted to MUSD -0.1, similar to MUSD -0.1 during the second quarter 2019.

Tax

Tethys Oil’s oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement for each licence (“EPSA”) whereby Tethys Oil receives its share of oil after government take. Under the terms of each EPSA, Tethys Oil is subject to Omani income taxes and royalties, which are paid in full, on behalf of Tethys Oil, from the government share of oil. The effect of these taxes is netted against revenue and other income in the income statement.

Result

Tethys Oil reports a net result after tax for the third quarter 2019 of MUSD 14.9, representing earnings per share (after dilution) of USD 0.44. The result for the third quarter 2019 has decreased compared to the second quarter 2019 when the net result amounted to MUSD 17.3, with earnings per share (after dilution) of USD 0.51.

Investments and work programme

During the third quarter 2019, total investments in oil and gas properties amounted to MUSD 14.5 compared to MUSD 12.8 in second quarter 2019. Of this MUSD 14.2 related to Blocks 3&4 and MUSD 0.2 to Block 49. Other investment in Exploration amounted to MUSD 0.1.

Blocks 3&4, Oman

Investments Blocks 3&4, MUSD	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Drilling	6.3	6.6	6.1	6.6	6.0
G&G	3.6	1.3	1.2	1.7	2.6
Facilities	4.3	4.6	4.0	3.3	3.7
Total investments Blocks 3&4	14.2	12.5	11.3	11.6	12.3

Investments on Blocks 3&4 during the third quarter 2019 were higher than during the second quarter 2019 due to increase in acquiring additional 3D seismic data.

Operations

Tethys Oil holds a 30 percent non-operated interest in the exploration and production licence for Blocks 3&4 and a 100 percent operated interest in the exploration licence for Block 49.

Block 3 and 4 operations for the quarter are in line with the overall work programme for 2019 which focuses on keeping production within the guided average net production between 12,000-13,000 bopd, continuing to mature contingent resources into reserves and to discover more oil. Block 49 operations are in exploration mode where the primary activities are prospect maturation and preparation for drilling operations. Tethys Oil plans to drill a first exploration well in Block 49 in the first half of 2020.

Blocks 3 and 4, Oman

Three rigs and one workover rig have been operating during the quarter and a total of six wells were completed. At Ulfa the facilities have undergone further improvements, while in the older fields the work has been focused on production optimisation with activities such as well workovers, shifting of pumps etc. The Yusr-1 exploration well was drilled in the quarter and one additional exploration well, Maather-1, was spudded during the quarter. 1,650 km² of new 3D seismic is currently being acquired to the north and east of the Farha field.

Wells completed Q3 2019 (primary purpose)	Ulfa, Samha and Erfan Fields	Farha South Field	Shahd and Saiwan East Fields	Near and far field exploration	Total
Appraisal/Production	2	-	3	-	5
Water injection	-	-	-	-	-
Water source	-	-	-	-	-
Exploration	-	-	-	1	1
Total	2	-	3	1	6

Exploration drilling

Yusr-1 was drilled north of the Farha South field and is the first exploration well in this part of the Block drilled on the seismic data that was acquired in 2018. The well was drilled to a total depth of 4,060m (TVD) and targeted the possible northern extension of the carbonate Buah and Khufai reservoirs. The results so far are mixed. Although no oil was encountered in the shallower Buah formation, good oil shows were recorded in the Khufai formation. Yusr-1 did experience some difficulties during drilling and testing operations which lead to inconclusive test results. The Yusr-1 well will now undergo additional testing during the fourth quarter.

Maather-1 was spudded at the end of the quarter and is still drilling. The well is planned to test the Buah and Khufai potential to the east of the Ulfa and Samha fields and is located 13km southeast of Samha-1. The well will also test the Masirah Bay formation and the underlying older Cryogenian formations. Successful evaluation of these older formations will support the ongoing lead and prospect maturation in this seismic area, where data was acquired in 2018.

Seismic acquisition

All seismic data from the 2018 seismic acquisition programme on Blocks 3&4 has been processed and delivered to the partner group. Interpretation and mapping of the processed data is near completion and lead maturation is ongoing.

A new seismic campaign was launched in the third quarter 2019. 1,650 km² of 3D seismic will be acquired east of Farha South field, north of the area covered by last year's seismic campaign. The seismic data is of very good quality and the acquisition will be completed in November 2019, ahead of schedule. The processing of the data is planned to begin in the fourth quarter.

Development and appraisal activities

Ulfa, Samha and Erfan Fields

The Erfan field was discovered in 2017 with the Erfan-1 well and has been appraised by three additional wells in 2017 and 2018. Two additional appraisal/development wells were drilled in the third quarter 2019, the Erfan-5 and Erfan-6 wells. Both wells were drilled outside previously drilled area. Erfan-5 was drilled in the northern part of the structure, north of the discovery well Erfan-1. Erfan-6 was drilled in southern part of the structure, south of the Erfan-2 well. Both wells encountered oil and have been connected to the Saiwan East production facilities with one well producing in line with expectations and one below expectations.

The Ulfa EPF was finalised and production commenced in December 2018. The launch of the Ulfa EPF included some start-up issues, mainly relating to gas handling. At the end of the first quarter 2019, additional capacity for gas separation was installed and further capacity was added in the third quarter 2019 through the installation of additional gas separation capacity. The increase in production in the third quarter is partly a result of this extra infrastructure completed during the year at Ulfa EPF.

Farha South Field

The stimulation of water injection wells and replacement of some of the electrical submersible pumps (“ESP”) in order to improve flow in the Farha South flowline system continued. These actions are taken to reduce back pressure and in turn increase production.

Shahd and Saivan East oil fields

Three production wells were drilled on the Shahd field, all on the Shahd structure I. All wells encountered oil and have been connected to the production facilities as a producer from the Khufai formation. All wells have also produced initial flow rate above expectations. The increase in production in the third quarter is partly a result of the high production from these wells (in connection with the additional Ulfa EPF capacity, described above.)

Infrastructure development

A new camp for contractors has been developed on Block 3&4, with contractors moving in late in the third quarter. New camps have been central component in the preparing the fields for the future. A new camp for employees will be the next step in this development of the fields.

The work with replacing diesel-powered generators with gas-powered generators is continuing. A test generator will be put into operation in the fourth quarter. In addition, studies to handle increased volumes of gas are in progress.

Block 49, Oman

The preparations for exploration drilling geared up in the third quarter 2019, with a view to drill an exploration well on Block 49 in the first half 2020. Tendering for drilling equipment and services, including a drill rig, are in progress. Drilling activities are being led by a drilling manager who was contracted in the second quarter.

Interpretation of the new 2D seismic acquired in late 2018 has been finalized and most of the 3D seismic from the same campaign has been interpreted. To date one lead has been matured to a prospect in the 2D area, and the maturation of leads continue in the 3D area. The interpretation has also greatly enhanced the understanding of the deeper parts of the block in general.

New ventures

A number of new venture projects have been reviewed and several continue to be evaluated.

Associated companies

Tethys Oil AB holds an interest in the Gargzdai licence in Lithuania. During the third quarter 2019 no dividends were received from the holding company, compared to MUSD 0.7 which was received during the second quarter 2019.

Liquidity and financing

Cash in bank as at 30 September 2019 amounted to MUSD 72.4 compared to MUSD 62.5 as at 30 June 2019 (MUSD 73.1 as at 31 December 2018).

During the third quarter 2019, cash flow from operations amounted to MUSD 28.9 (MUSD 18.4) and investments in oil and gas properties amounted to MUSD 14.5 (MUSD 12.8). Cash flow from financing activities amounted to MUSD 0.0 (see Share data section below).

Tethys Oil’s operations on Blocks 3&4 and Block 49, including the investment programme, are expected to be funded from cash flow from operations and available funds. Tethys Oil’s operations in Lithuania are expected to be funded from cash flows from operations and available cash in the associated Lithuanian company.

Parent company

The Parent company reports a net result after tax for the third quarter 2019 amounting to MSEK 29.5 compared to MSEK 39.1 for the second quarter 2019. Administrative expenses during the third quarter 2019 amounted to

MSEK 9.9 compared to MSEK 12.4 for the second quarter 2019. The higher administrative expenses in the second quarter is primarily due to that it included additional costs for listing, long term incentive programme and recruiting.

The “Net financial result” amounted to MSEK 37.1 during the third quarter 2019 compared to MSEK 41.7 for the second quarter 2019. Net financial result mainly consists of dividends from Group companies of MSEK 29.3 (MSEK 28.9), currency exchange gains related to intercompany loans of MSEK 3.9 (MSEK 8.2) and interest income MSEK 3.9 (MSEK 4.7).

Share data

As at 30 September 2019, the number of outstanding shares in Tethys Oil amounted to 35,896,310, with a quota value of SEK 0.17. All shares represent one vote each.

Tethys Oil has a warrant based incentive programme for employees, for further information please see Note 11. As the average subscription price for three tranches of the incentive programme were partly below the average share price during the third quarter 2019, dilution effects of the warrants are included in the weighted average number of shares after dilution, which amounted to 34,052,138 during the third quarter 2019.

As at 30 September 2019, Tethys Oil held 1,537,663 of its own shares, which have been purchased since commencement of the programme during the fourth quarter 2014.

The number of shares held as at 30 September 2019 has been reduced by 416,500 shares as a result of Tethys Oil lending shares to an investment bank in order to facilitate the exercise of 2016 warrants by employees as part of the Company’s long-term incentive programme. The number of repurchased shares held by Tethys Oil, including the shares that have been lent, amounts to 1,954,163.

The purpose of the repurchasing programme is to optimize the capital structure and to enable any repurchased shares to be used as payment in connection with or financing of, acquisitions of companies or businesses. No shares were purchased during the third quarter 2019. The repurchased shares are still included in the total number of shares but are not included in the weighted average number of shares. The weighted average number of shares during the third quarter 2019 before dilution is 33,942,147 and after dilution 34,052,138.

From 30 September 2019 and to the date of publication of this report, Tethys Oil has not acquired any further shares.

Seasonal effects

Tethys Oil has no significant seasonal variations.

Risks and uncertainties

A statement of risks and uncertainties are presented in Note 1.

Transactions with related parties

See Note 14 for details of related party transactions.

Significant events after the reporting period

Following the exercise of 2016 warrants under the long-term incentive programme 398,650 shares were subscribed for and consequently issued in October 2019. As a result the number of outstanding shares on issue is 36,294,960. Following exercise of the warrants the share loan referred to in the “Share data” section above was returned to Tethys Oil on 5 October 2019, this restored the number of repurchased shares to 1,954,163.

On 30 October 2019 Tethys Oil announced the acquisition of a 20% interest in Block 56, Oman for a consideration of MUSD 9.5 paid through a combination of cash and carry. The carry is associated with a work programme to flow test three wells that have already been drilled on the block. The acquisition is conditional to receiving approval from the Omani government.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Revenue		41.6	38.1	43.1	117.5	110.3	152.6
Underlift/overlift adjustments		-0.9	3.2	-0.8	-2.8	2.6	4.7
Revenue and other income	3	40.7	41.3	42.3	114.7	112.9	157.3
Operating expenses		-12.1	-12.0	-11.1	-38.3	-33.8	-45.9
Gross profit		28.6	29.3	31.2	76.4	79.1	111.4
Depletion, depreciation and amortisation		-12.2	-11.4	-11.6	-35.0	-34.2	-45.9
Exploration costs		-0.0	-0.2	-	-0.2	0.0	-
Share of net profit/loss from associates		0.0	0.7	0.0	0.7	0.9	0.9
Administrative expenses	11	-1.9	-2.0	-1.1	-5.3	-4.1	-5.7
Operating result		14.5	16.4	18.5	36.5	41.7	60.7
Net financial result	4	0.4	1.0	-0.3	2.2	0.6	1.5
Result before tax		14.9	17.3	18.2	38.7	42.3	62.2
Income tax		-	-	-	-	-	-
Result for the period		14.9	17.3	18.2	38.7	42.3	62.2
Other comprehensive result							
Items that may be subsequently reclassified to profit or loss:							
Exchange differences		-0.4	-1.7	0.2	-2.8	-2.7	-3.7
Other comprehensive result for the period		-0.4	-1.7	0.2	-2.8	-2.7	-3.7
Total comprehensive result for the period		14.5	15.6	18.4	35.9	39.6	58.4
Attributable to:							
Shareholders in the parent company		14.5	15.6	18.4	35.9	39.6	58.4
Non-controlling interest		-	-	-	-	-	-
Number of shares at period end		35,896,310	35,896,310	35,543,750	35,896,310	35,543,750	35,896,310
Weighted average number of shares (before dilution)		33,942,147	34,145,588	33,301,867	34,109,876	34,038,673	34,010,616
Weighted average number of shares (after dilution)		34,052,138	34,213,694	34,653,094	34,196,915	34,170,206	34,140,318
Earnings per share (before dilution), USD		0.44	0.51	0.53	1.13	1.24	1.83
Earnings per share (after dilution), USD		0.44	0.51	0.53	1.13	1.24	1.82

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	30 Sep 2019	31 Dec 2018
ASSETS			
Non-current assets			
Oil and gas properties	5	204.0	200.0
Other fixed assets		0.7	0.1
		204.7	200.1
Current assets			
Other receivables	6	18.4	17.9
Prepaid expenses		1.0	0.3
Cash and cash equivalents		72.4	73.1
		91.8	91.3
TOTAL ASSETS		296.5	291.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		74.0	74.0
Reserves		-3.1	-0.3
Retained earnings		201.5	193.1
Total shareholders' equity		273.2	267.6
Non-current liabilities			
Non-current provisions	7	7.3	8.9
Other non-current liabilities	8, 9	1.7	-
		9.0	8.9
Current liabilities			
Current provisions	7	1.0	1.0
Accounts payable and other current liabilities	8, 10	13.3	13.9
		14.3	14.9
Total liabilities		23.3	23.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		296.5	291.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Attributable to shareholders of the parent company					Total equity
MUSD	Share capital	Paid in capital	Reserves	Retained earnings	
Opening balance 1 January 2018	0.8	71.0	3.4	153.3	228.5
Comprehensive income					
Result for twelve months 2018	-	-	-	62.2	62.2
Currency exchange differences twelve months 2018	-	-	-3.7	-	-3.7
Total comprehensive income			-3.7	62.2	58.5
Transactions with owners					
Share issue	0.0	2.9	-	-	2.9
Dividend	-	-	-	-7.5	-7.5
Share redemption	-	-	-	-15.1	-15.1
Incentive programme	-	-	-	0.2	0.2
Total transactions with owners	0.0	2.9	0.0	-22.4	-19.4
Closing balance 31 December 2018	0.8	74.0	-0.3	193.1	267.6
Opening balance 1 January 2019	0.8	74.0	-0.3	193.1	267.6
Result for nine months 2019	-	-	-	38.7	38.7
Currency exchange differences nine months 2019	-	-	-2.8	-	-2.8
Total comprehensive income			-2.8	38.7	35.9
Transactions with owners					
Purchase of own shares	-	-	-	-2.1	-2.1
Dividend	-	-	-	-7.1	-7.1
Share redemption	-	-	-	-21.4	-21.4
Incentive programme	-	-	-	0.3	0.3
Total transactions with owners	-	-	0.0	-30.3	-30.3
Closing balance 30 September 2019	0.8	74.0	-3.1	201.5	273.2

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Cash flow from operations							
Operating result		14.5	16.4	18.5	36.5	41.7	60.7
Interest received		-	-	-	0.0	-	0.3
Interest paid		0.0	-0.0	-	-0.0	-	0.0
Adjustment for exploration costs		0.0	0.2	-	0.2	-	-
Adjustment for depletion, depreciation and other non-cash related items		12.9	5.4	11.5	30.0	30.5	41.7
Total cash flow from operations before change in working capital		27.4	22.0	30.0	66.7	72.2	102.7
Change in receivables		0.8	-2.5	0.4	2.8	-0.8	-7.2
Change in liabilities		0.7	-1.1	7.2	-0.6	4.7	9.9
Cash flow from operations		28.9	18.4	37.6	68.9	76.1	105.4
Investment activity							
Investment in oil and gas properties	5	-14.5	-12.8	-12.6	-38.9	-39.6	-55.8
Investment in other fixed assets		0.0	-0.1	0.0	-0.1	-	-0.1
Other		-4.0	-	-	-4.0	-	-
Cash from associated companies, net		0.0	0.7	-	0.7	0.9	0.9
Cash flow from investment activity		-18.5	-12.2	-12.6	-42.3	-38.7	-55.0
Financing activity							
Share issuance		-	-	2.9	-	2.9	2.9
Share redemption		-	-21.4	-	-21.4	-15.1	-15.1
Dividend paid		-	-3.5	-	-3.5	-3.8	-7.5
Purchase of own shares		-	-2.1	-	-2.1	-	-
Cash flow from financing activity		0.0	-27.0	2.9	-27.0	-16.1	-19.7
Period cash flow		10.4	-20.8	27.9	-0.4	21.3	30.7
Cash and cash equivalents at the beginning of the period		62.5	83.3	35.8	73.1	42.0	42.0
Exchange gains/losses on cash and cash equivalents		-0.5	0.0	0.0	-0.3	0.4	0.5
Cash and cash equivalents at the end of the period		72.4	62.5	63.7	72.4	63.7	73.1

KEY RATIOS

Group	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
	2019	2019	2018	2019	2018	2018
Operational items						
Production before government take, Oman Blocks 3&4, bbl	1,200,833	1,172,159	1,090,880	3,444,081	3,200,279	4,294,852
Production per day, Oman Blocks 3&4, bbl	13,053	12,881	11,857	12,616	11,723	11,767
Net sales after government take, bbl	635,947	561,077	579,360	1,810,776	1,620,552	2,163,148
Achieved oil price, USD/bbl	65.4	67.8	74.3	64.9	68.1	70.5
Income statement and balance sheet						
Revenue and other income, MUSD	40.7	41.3	42.3	114.7	112.9	157.3
EBITDA, MUSD	26.6	27.9	30.1	71.7	75.9	106.6
EBITDA-margin	65%	68%	71%	63%	67%	68%
Operating result, MUSD	14.5	16.4	18.5	36.5	41.7	60.7
Operating margin	36%	40%	44%	32%	37%	39%
Net result, MUSD	14.9	17.3	18.2	38.7	42.3	62.2
Net margin	37%	42%	43%	34%	37%	40%
Cash and cash equivalents, MUSD	72.4	62.5	63.7	72.4	63.7	73.1
Shareholders' equity, MUSD	273.2	258.3	252.1	273.2	252.1	267.6
Balance sheet total, MUSD	296.5	281.1	272.5	296.5	272.5	291.4
Capital structure						
Equity ratio	92%	92%	93%	92%	93%	92%
Leverage ratio	neg.	neg.	neg.	neg.	neg.	neg.
Investments, MUSD	-14.5	-12.8	12.6	-38.9	39.6	55.8
Net cash, MUSD	71.9	62.0	63.7	71.9	63.7	73.1
Profitability						
Return on shareholders' equity	14.29%	9.03%	7.59%	5.52%	17.60%	25.09%
Return on capital employed	14.43%	9.19%	7.79%	5.49%	18.55%	26.66%
Other						
Average number of full time employees	24	23	20	23	20	20
Distribution per share, SEK	-	7.00	-	7.00	5.00	6.00
Cash flow from operations per share, USD	0.69	0.51	1.09	1.81	2.23	2.97
Number of shares at period end, '000	35,896	35,896	35,544	35,896	35,544	35,896
Shareholders' equity per share, USD	7.61	7.20	7.09	7.61	7.09	7.45
Weighted average number of shares (before dilution), '000	33,942	34,146	34,302	34,110	34,039	34,011
Weighted average number of shares (after dilution), '000	34,052	34,214	34,653	34,197	34,170	34,140
Earnings per share before dilution, USD	0.44	0.51	0.53	1.13	1.24	1.83
Earnings per share after dilution, USD	0.44	0.51	0.53	1.13	1.24	1.82

For definitions of key ratios, please refer to the 2018 Annual Report.

Key quarterly data

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net daily production before government take. Blocks 3&4, bbl	13,053	12,881	11,901	11,898	11,857	11,733	11,574	11,637
Barrels sold, bbl	635,947	561,077	613,752	542,596	579,360	529,194	511,998	617,577
Revenue and other income, MUSD	40.7	41.3	32.7	44.4	42.3	36.4	34.2	30.1
EBITDA, MUSD	26.6	27.9	17.2	30.8	30.1	24.3	21.5	19.7
Return on shareholders' equity	14.3%	9.03%	2.36%	8.04%	7.59%	6.55%	3.86%	5.18%
Cash flow from operations, MUSD	28.9	18.4	21.7	29.3	37.6	14.4	24.1	4.5
Earnings per share after dilution, USD	0.44	0.51	0.19	0.58	0.53	0.44	0.27	0.32
Share price, end of period, SEK	78.3	74.5	75.78	64.77	97.77	101.40	67.20	65.75

For definitions of key ratios, please refer to the 2018 Annual Report.

Relevant reconciliations of alternative performance measures

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and the Board of Directors to measure Tethys Oil's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. Besides the definitions below, definitions of alternative performance measures can be found in the 2018 Annual Report.

MUSD	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Operating result	14.5	16.4	18.5	36.5	41.7	60.7
Add: Depreciation, depletion and amortization	12.2	11.4	11.6	35.0	34.2	45.9
Add: Exploration costs	-0.0	0.1	0.0	0.2	0.0	0.0
EBITDA	26.6	27.9	30.1	71.7	75.9	106.6
Cash and bank	72.4	62.5	63.7	72.4	63.7	73.1
Less: Interest bearing debt	-0.5	-0.5	-	-0.5	-	-
Net cash	71.9	62.0	63.7	71.9	63.7	73.1

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Other income		2.3	3.4	3.4	7.5	7.7	9.7
Share of net profit/loss from associates		-	6.4	0.0	6.4	8.0	8.0
Administrative expenses	11	-9.9	-12.4	-6.5	-30.0	-24.7	-32.8
Operating result		-7.6	-2.6	-3.1	-16.1	-9.0	-15.1
Net financial result	4	37.1	41.7	3.4	89.4	17.2	259.5
Result before tax		29.5	39.1	0.3	73.3	8.2	244.4
Income tax		-	-	-	-	-	-
Result for the period*		29.5	39.1	0.3	73.3	8.2	244.4

* As there are no items in the parent company's other comprehensive income, no separate report on total comprehensive income is presented.

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	30 Sep 2019	31 Dec 2018
ASSETS		
Total non current assets	240.9	223.1
Total current assets	36.4	243.4
TOTAL ASSETS	277.3	466.5
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted shareholders' equity	77.0	77.0
Unrestricted shareholders' equity	155.7	373.3
Total current liabilities	44.7	16.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	277.3	466.5

NOTES

General information

Tethys Oil AB (publ) (the “Company”), corporate identity number 556615-8266, and its subsidiaries (together the “Group” or “Tethys Oil”) are focused on exploration for and production of oil and natural gas. The Group has interests in exploration and production licences in Oman, France and Lithuania. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The Company is listed on Nasdaq Stockholm.

Accounting principles

The third quarter 2019 report of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The third quarter report 2019 of the Company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 “Accounting for legal entities”, issued by the Swedish Financial Accounting Standards Council.

The accounting principles as described in the 2018 Annual Report have been used in the preparation of this report together with the implementation of IFRS 16.

On 1 January 2019, Tethys Oil adopted IFRS 16 Leases, which was issued in January 2016 and replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognised on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019.

Tethys Oil has chosen the modified retrospective method, applying the short-term lease and the asset of low value exceptions. The standard has impacted the accounting of the Group’s operational leases. The current interpretation is that IFRS 16 does not relate to leases within the Group’s joint operations and at present the group only has office leases and IT-servers/-programs and other leases concerning items of lesser value.

The IFRS 16 impact on the group accounts for the first nine months 2019 is shown in Note 8.

IFRIC 23 Uncertainty over Income Tax Treatments that came into effect on 1 January 2019 does not have an effect on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Tethys Oil applies the ESMA’s (European Securities and Markets Authority) guidelines for alternative performance measures. Definitions of performance measures are provided in the 2018 Annual Report and the relevant reconciliations can be found on page 16 of this report.

Exchange rates

For the preparation of the financial statements for the reporting period, the following exchange rates have been used.

Currency	30 September 2019		31 December 2018	
	Average YTD	Period end	Average	Period end
SEK/USD	9.50	9.81	8.75	9.14
SEK/EUR	10.67	10.83	10.32	10.42

The Group is exposed to fluctuations in the foreign exchange markets as fluctuations in exchange rates can negatively affect the result, cash flow and equity. The major proportion of the Group’s assets relate to international oil and gas discoveries valued in USD and which generate revenues in USD. During the third quarter 2019, all of Tethys Oil’s oil sales and operating expenditures were denominated in USD.

Fair value

The nominal value of Accounts payables and other current liabilities, Cash and bank and Other receivables is a fair approximation of those line items as they are short term in nature.

IFRS 9 valuation categories and related balance sheet items

MUSD	30 September 2019			31 December 2018		
	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	18.4	-	-	17.9	-
Cash and bank	-	72.4	-	-	73.1	-
Other non-current liabilities	-	-	1.8	-	-	-
Accounts payables and other current liabilities	-	-	13.3	-	-	13.9

Note 1) Risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties, which are continuously monitored and reviewed. The main risks and uncertainties are the operational and financial risks described below.

Operational risk

At its current stage of development, Tethys Oil is commercially producing oil and also exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil in all parts of operations as income and profitability is and will be dependent on prevailing prices. Significantly lower oil prices will reduce current and expected cash flows and profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farm-out or sale of assets. There are no oil price hedges in place as at 30 September 2019. In late 2018, OPEC and certain non-OPEC members reached a new agreement of production cuts. The production recommendation may affect the Company's oil production and sales.

Another operational risk factor is access to equipment in Tethys Oil's projects. In the drilling/development phase of a project the Group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Tethys Oil to complete projects. Through its operations, Tethys Oil is also subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

The Group's activities expose it to a variety of financial risks, mainly categorised as exchange rate and liquidity risk. The Group's risks are continuously monitored and analysed by the management and board of directors. The aim is to minimise potential adverse effects on the Group's financial performance.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2018 Annual Report.

Note 2) Segment reporting

The Group's accounting principle for segments describes that operating segments are based on geographic perspective. The operating result for each segment is presented below.

Group income statement Jan-Sep 2019					
MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue and other income	114.7	-	-	-	114.7
Operating expenses	-38.3	-	-	-	-38.3
Depreciation, depletion and amortisation	-35.0	-	-	-	-35.0
Exploration costs	-	-	-0.2	-	-0.2
Share of net profit/loss from associates	-	0.7	-	-	0.7
Administrative expenses	-1.9	-	-3.2	-0.3	-5.3
Operating result	39.5	0.7	-3.4	-0.3	36.5
Total financial items					2.2
Result before tax					38.7
Income tax					-
Result for the period					38.7

Group income statement Jan-Sep 2018					
MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue and other income	112.9	-	-	-	112.9
Operating expenses	-33.8	-	-	-	-33.8
Depreciation, depletion and amortisation	-34.2	-	-	-	-34.2
Exploration costs	-	-	-	-	-
Share of net profit/loss from associates	-	0.9	-	-	0.9
Administrative expenses	-1.0	-	-2.9	-0.2	-4.1
Operating result	43.9	0.9	-2.9	-0.2	41.7
Total financial items					0.6
Result before tax					42.3
Income tax					-
Result for the period					42.3

Note 3) Revenue and other income

MUSD	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full year 2018
Revenue	41.6	38.1	43.1	117.5	110.3	152.6
Underlift/overlift adjustments	-0.9	3.2	-0.8	-1.8	2.6	4.7
Overlift adjustment Export Reporting Error	-	-	-	-1.0	-	-
Revenue and other income	40.7	41.3	42.3	114.7	112.9	157.3

Tethys Oil sells all of its oil to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3&4 Oman and are made on a monthly basis. Tethys Oil's average selling price is based on the monthly average price of the two-month future contract of Oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

The first quarter 2019 includes an overlift adjustment of MUSD 1.0 (the "Additional amount") being the effect of the final determination of the Export Reporting Error. The Additional amount is the difference between the estimated amount accounted for in the fourth quarter 2016 and the final settlement agreed during the first quarter 2019.

Note 4) Net financial result

Group	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full Year 2018
MUSD						
Financial income:						
Interest income	0.2	0.3	-	0.7	-	0.3
Currency exchange gain, net	0.3	0.8	-	1.9	0.9	1.6
Other financial income	-	-	-	-	-	-
Financial costs:						
Interest costs	0.0	-0.0	-0.0	0.0	-0.0	-0.0
Currency exchange loss, net	-	-	-0.2	0.0	-	-
Other financial costs	-0.1	-0.1	-0.1	-0.4	-0.3	-0.4
Net financial result	0.4	1.0	-0.3	2.2	0.6	1.5

Parent company	Third quarter 2019	Second quarter 2019	Third quarter 2018	Nine months 2019	Nine months 2018	Full Year 2018
MSEK						
Financial income:						
Interest income	3.9	4.7	4.2	13.3	11.2	15.8
Currency exchange gain, net	3.9	8.2	-	18.1	6.1	13.8
Dividend group companies	29.3	28.9	-	58.1	-	230.1
Financial costs:						
Interest costs	-	-0.0	-	-0.0	-0.1	-0.2
Currency exchange loss, net	-	-	-0.8	-	-	-
Other financial costs	-	-0.1	-	-0.1	0.0	0.0
Net financial result	37.1	41.7	3.4	89.4	17.2	259.5

Note 5) Oil and gas properties

Country	Licence	Phase	Tethys Oil's share	30 Sep 2019	Invest-	DD&A /Write-offs	Change in estimate of site restoration	31 Dec 2018
					ments			
Oman	Blocks 3&4	Prod.	30%	197.1	38.0	-34.9	-	194.0
Oman	Block 49	Expl.	100%	6.4	0.7	-	-	5.7
France	Attila	Expl.	40%	0.0	-	-	-	0.0
New ventures				0.5	0.3	-0.1	-	0.3
Total				204.0	39.0	-35.0	-	200.0

Note 6) Other receivables

MUSD	30 Sep 2019	31 Dec 2018
VAT	0.0	0.3
Receivables Oil sales	13.4	14.9
Underlift position	0.9	2.7
Other	4.1	0.0
Total	18.4	17.9

Note 7) Provisions

Tethys Oil has calculated that the discounted cost for its share of site restoration regarding Blocks 3&4 amounts to MUSD 7.3 (MUSD 7.2).

Tethys Oil initially reported on an Export Reporting Error in a press release on 14 February 2017 which was finally determined and reported in the first quarter 2019 report. Provisions relating to the Export Reporting Error in previous years have been reclassified as liabilities.

Note 8) Leasing

Leasing MUSD	31 Dec 2018		1 Jan 2019 Adjusted for IFRS 16		Jan-Sep 2019			30 Sep 2019	
	Right of use assets	Lease liabilities. interest bearing	Right of use assets	Lease liabilities. interest bearing	Payment of leasing debt	Deprecia- tion	Interest costs	Right of use assets	Lease liabilities. interest bearing
Fixed assets (incl. in Other fixed assets)	-	-	0.7	-	-	-0.2	-	0.5	-
Short term leasing debt (incl. in Accounts payable and other current liabilities)	-	-	-	-0.2	0.2	-	-	-	-0.1
Long term leasing debt (incl. in Other non-current liabilities)	-	-	-	-0.5	-	-	-	-	-0.4
Interest costs	-	-	-	-	-	-	0.0	-	0.0
Total	-	-	0.7	-0.7	0.2	-0.2	0.0	0.5	-0.5

Note 9) Other non-current liabilities

Tethys Oil has a non-current liability of MUSD 1.3 relating to the Export Reporting Error. Since final settlement has been agreed in the first quarter 2019, the outstanding amounts are now treated as liabilities as opposed to provisions in previous year.

Note 10) Accounts payable and other current liabilities

MUSD	30 Sep 2019	31 Dec 2018
Accounts payable	0.3	0.1
Operator balance, Oman Blocks 3&4	9.2	9.9
Dividend to shareholders	3.6	-
Other current liabilities	0.2	3.9
Total	13.3	13.9

Tethys Oil has a current liability of MUSD 1.0 relating to the Export Reporting Error. The Export Reporting Error amount repayment during the third quarter 2019 amounted to MUSD 0.3 resulting in a total amount remaining to be settled of MUSD 2.3 as at 30 September 2019. Since final settlement has been agreed in the first quarter 2019, the outstanding amounts are now treated as liabilities as opposed to provisions in previous years.

Note 11) Incentive programme

Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants have been issued annually since 2015 following approval by the respective AGM. The number of warrants issued during the second quarter 2019 was 350,000 which were allocated to the employees during the third quarter 2019. Issued but not allocated warrants are held by the company. No warrants were exercised during the third quarter 2019.

Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	Number of warrants				
				1 Jan 2019	Issued 2019	Exercised 2019	Expired 2019	30 Sep 2019
2016 incentive programme	28 May - 4 Oct. 2019	55.00	1.19	350,000	0	0	0	350,000
2017 incentive programme	30 May - 2 Oct. 2020	75.10	1.14	350,000	0	0	0	350,000
2018 incentive programme	1 Jun - 2 Oct. 2021	81.70	1.09	350,000	0	0	0	350,000
2019 incentive programme	1 Jun - 2 Oct. 2022	78.50	1.00	0	350,000	0	0	350,000
Total				1,050,000	350,000	0	0	1,400,000

As the subscription price for some tranches of the incentive programme is below the average share price during the third quarter 2019, the dilution effects of the warrants of these tranches are included in the weighted average number of shares after dilution which amount to 34,052,138 during the third quarter 2019.

Note 12) Pledged assets

Pledged assets in the parent company amounts to MSEK 0.5 (0.5) and relate to a pledge in relation to office rental.

Note 13) Contingent liabilities

There are no outstanding contingent liabilities as at 30 September 2019 nor for the comparative period.

Note 14) Related party transactions

In the Tethys Oil Group, Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company. Material subsidiaries include Tethys Oil Oman Limited, Tethys Oil Block 3&4 Limited, Tethys Oil Montasar Limited, Tethys Oil France AB and Tethys Oil Exploration AB.

During the third quarter 2019 the Company has not had any transactions with related parties.

FINANCIAL CALENDAR:

- Report for fourth quarter/year-end report 2019 (January – December 2019) on 11 February 2020
- Report for first quarter 2020 (January – March 2020) on 5 May 2020
- Annual general meeting 2020 is planned to be held in Stockholm on 13 May 2020. CET 15:00
- Report for second quarter 2020 (January – June 2020) on 11 August 2020
- Report for third quarter 2020 (January – September 2020) on 3 November 2020

Stockholm 5 November 2019

Tethys Oil AB (publ)
Org. No. 556615-8266

Magnus Nordin
Managing director

This report has not been subject to review by the auditors of the Company.

For further information, please contact:

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*This information is information that Tethys Oil AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.
The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on 5 November 2019.*

CONFERENCE CALL

Date: 5 November 2019

Time: 10.00 CET

To participate in the conference call, you may choose one of the following options:

Link to webcast: <https://edge.media-server.com/mmc/p/aqzaw3i6>

To participate via phone, please call:

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