

# Tethys Oil

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## Why Tethys stands out from the crowd

In a market riddled with binary-bet exploration plays, it's a pleasant surprise to uncover an oiler that's cash-generative and dividend-paying.

Focused on Oman, Tethys Oil is also in a politically stable jurisdiction, which ticks yet another box for the would-be natural resources investor.

And there's a frisson there too for those who like to see their companies go out there and make value-accretive discoveries.

READ: The full Q2 write-through

Founded in 2001, Tethys has a 30% share in two producing blocks in Oman, called 3 and 4, and is partnered with Mitsui of Japan and local group CC Energy.

It is the sole owner of Block 49 to the south and west, on the Saudi border, which provides the exploration excitement.

Output averaged just under 13,000 barrels per day in the second quarter, while the proved and probable reserves from the producing assets are put at 25mln barrels.

Impressive reserves replacement  
Last year, the reserve replacement rate was 177%.

Financially the company is strong and at the end of Q2 it had net cash of US\$62mln. Earlier this year it paid out US\$30mln in dividends, representing a 10% yield.

With such a healthy bank balance it has more than enough to invest in both expanding its production and fuelling its exploration efforts.

It is currently working up prospects in Block 49, and will sink at least one exploration well and possibly two or three in early next year.

It is hoping to test the same geological horizons that are already producing crude on blocks 3 and 4.

"Our seismic interpretation and prospect mapping continue at a pace and we are now roughly three quarters through the data set that we acquired late last year," Tethys said in its Q2 update.

"The geological work is focused on defining, risking and maturing leads into drillable prospects whilst concurrently we have begun preparations for exploration drilling."

Value enhancing acquisitions?  
It's understood Tethys is also on the look-out for value-enhancing acquisitions.

## Share Information

**Code:** TETY  
**Listing:** PRIVATE  
**Sector:** Oil & Gas  
**Website:** [www.tethysoil.com](http://www.tethysoil.com)

### Company Synopsis:

*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.*

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There is a catch; a teeny, tiny one. Tethys, rather than being listed on AIM, or on the London Stock Exchange mainboard, has its quote on the Stockholm Stock Exchange.

That said, most of the popular electronic trading accounts allow you to buy and sell Swedish shares, including Tethys.

You wonder too whether the Stockholm listing offers a valuation anomaly that can be exploited. The answer is, possibly, yes.

For, if you look at the UK listed Eland and Jadestone, which have comparable output to Tethys, they are valued at £250mln and £260mln respectively.

So, at £230mln Tethys looks a comparative bargain. An enterprise value of less than £200mln makes it more enticing.

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