

# **TETHYS PETROLEUM LIMITED**

***The Role of Independents in Developing  
the Hydrocarbon Potential of Central Asia***

***Dr. David Robson***

***Executive Chairman & President***

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**IN THIS PRESENTATION ALL FINANCIAL FIGURES ARE IN US\$ UNLESS OTHERWISE STATED**

# Tethys Petroleum the only Independent working in three Central Asian Republics

- **Oil and Gas Exploration and Production Company**
- **Public company since 2007, listed on the main boards of:**
  - Toronto Stock Exchange (TSX)
  - London Stock Exchange (LSE)
  - Kazakhstan Stock Exchange (KASE)
- **Focus on Central Asia**
  - Kazakhstan
    - oil and gas production
    - exploration upside
  - Tajikistan
    - limited oil production
    - “supergiant” exploration upside
  - Uzbekistan
    - oil production – new field
    - exploration area under negotiation
- **Established operator**
- **Mainly Institutional Shareholders**
  - Pope Asset Management, Capital Group, JP Morgan etc.



- **Funding to date mainly from equity and tailored debt**
  - Ready for more conventional debt instruments
- **Other innovative financing methods available to independents**
- **Actively seeking new projects**



# Tethys Petroleum – Production & Upside in High Potential Area

- **Oil and Gas Production underpins cash flow and provides solid growth**
- **High Potential areas offer massive upside**
  - “First entrant” advantage has given Tethys large high potential exploration acreage
- **World class upside in underexplored basins**
  - Good commercial terms
  - Farmout of Tajik acreage to Total and CNPC
- **Focused approach – concentration on region**
- **Flexibility an Independent brings to projects**
- **Established team with extensive experience in area**



# Tethys Petroleum - Metrics

- **NPV<sub>10</sub> of 2P reserves**
  - \$312 MM
  - Not including 29 billion boe prospective resources
- **Current debt**
  - \$ 9 MM rig loan
  - \$13 MM Kazakh project debt
- **2012 Sales Revenue**
  - \$38.1 MM
- **2012 Profit before non-cash items**
  - \$3.42 MM
- **Q4 2012 Annualised Sales Revenue**
  - \$45.7 MM
- **Q4 2012 Annualised Profit before non-cash items**
  - \$9.36 MM
- **Q4 2012 Operating Cost per unit**
  - ~\$5.50 per barrel, ~\$16 per Mcm

<i><b>TSX</b></i>	<i><b>Symbol TPL</b></i>
Market Cap	CAD 239 million
Share Price (April 17, 2013)	CAD 0.83
52 week low/high	CAD 0.37/0.89
<i><b>LSE</b></i>	<i><b>Symbol TPL</b></i>
Market Cap	GBP 152 million
Share Price (April 17, 2013)	GBP 0.53
52 week low/high	GBP 0.25/0.62
Shares Outstanding	286.7 million

# Reserves & Resources (NI51-101)

Gross Reserves (MMboe)	Proved	Proved + Probable	Proved + Probable + Possible
Kazakhstan	14.8	26.0	40.3
Tajikistan	0.0	0.2	0.8
<b>Total</b>	<b>14.8</b>	<b>26.2</b>	<b>41.1</b>
<b><i>NPV<sub>10</sub></i></b>	<b><i>\$170 MM</i></b>	<b><i>\$312 MM</i></b>	<b><i>\$489 MM</i></b>

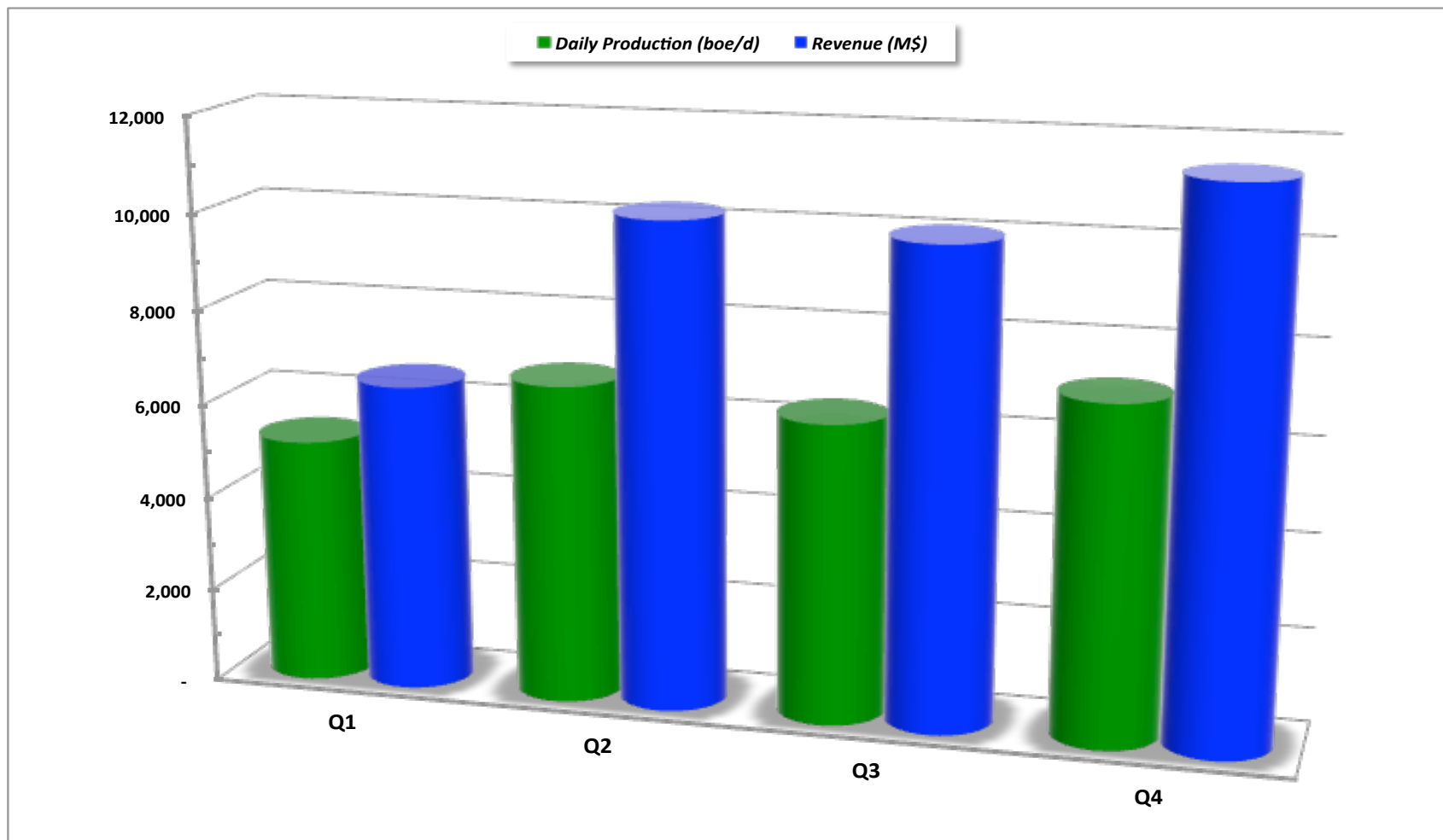
  

Unrisked Mean Gross Recoverable Resources	Oil & Condensate (MMbbl)	Gas (Bcf)	BOE (MMboe)
Kazakhstan	1,230	634	1,336
Tajikistan	8,510	113,922	27,497
<b>Total</b>	<b>9,740</b>	<b>114,556</b>	<b>28,833</b>

Reserves & Economics – Gustavson & Associates, Dec 31, 2012  
 Kazakhstan Resources - Gustavson & Associates, April 30, 2012  
 Tajikistan Resources – Gustavson & Associates June 30, 2012

No reserves or resources quoted for Uzbekistan

# Tethys Petroleum Group – 2012 Financial & Production Performance





# Tethys Petroleum – 2012 Highlights

## ■ Production & Financial

- Increased Oil Production by 57%<sup>1</sup>
- Increased Sales Revenue by 66%<sup>1</sup>
- Became Operating Cash Flow positive

## ■ Operations

- Continued Kazakhstan oil development and exploration
- Completed Aral Oil Terminal
- Completed detailing seismic in Tajikistan

## ■ Resources

- Increased Kazakhstan oil and gas resources
- Increased Tajikistan oil and gas resources

## ■ Commercial

- Obtained new oilfield in Uzbekistan (should commence production Q3 2013)
- Signed Farmout Agreement with Total and CNPC for partnership in Tajik PSC
- Doubled gas price in Kazakhstan (Q1, 2013)

<sup>1</sup> Compared to 2011



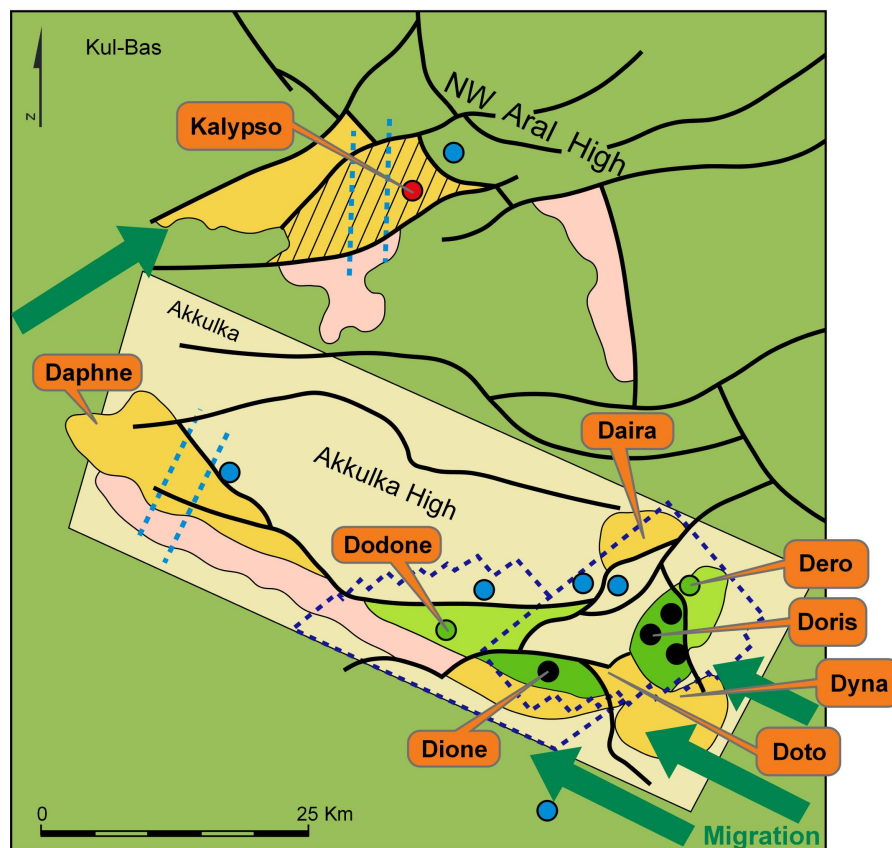
# KAZAKHSTAN

# Kazakhstan – Tethys' North Ustyurt Assets





# Kazakhstan: Doris Area – discoveries and prospects



**Schematic Map of Doris Area**

## Four Contracts

- Kyzylai Production Contract - gas
- Akkulka Production Contract - gas
- Akkulka Exploration Contract – Doris and others
- Kul-Bas E&P Contract

## Oil discovery in 2010 – ‘Doris’

- First oil discovery in whole area
- World-class Cretaceous sandstone and Jurassic carbonate reservoirs
- **Light (46 API°), sweet crude oil** – on production
- Appraisal programme underway

## Additional discoveries

- Dione – oil from Jurassic sandstone
- Kalypso – logged hydrocarbons in Carboniferous - to be tested
- Tested Oil to Date > 13,000 bopd

## Exploration Upside

- 2D and 3D seismic
- Multi-horizon targets
- More drilling planned in 2013 – Doto well targeting 22 MMbbl prospective resources

# Kazakhstan: Commercialisation of Doris – Aral Oil Terminal



- Remote desert area – no infrastructure
- Constructed new rail loading terminal to reduce trucking distance
- Current capacity 4,200 bopd plus crude storage – being increased to potentially 12,000 bopd
- Dependent on drilling success - separate oil export pipeline planned



# TAJIKISTAN



# Tajikistan: the “Jewel in the Tethys Crown”

## ■ Tethys entered Tajikistan in 2007

- Initially signed Investment Operating Agreement for Beshtentak field
- Negotiated first Production Sharing Contract in Tajikistan

## ■ Bokhtar PSC

- Large underexplored area
- 35,000 km<sup>2</sup> (8.6 million acres)
- Afghan-Tajik portion of prolific Amu Darya basin

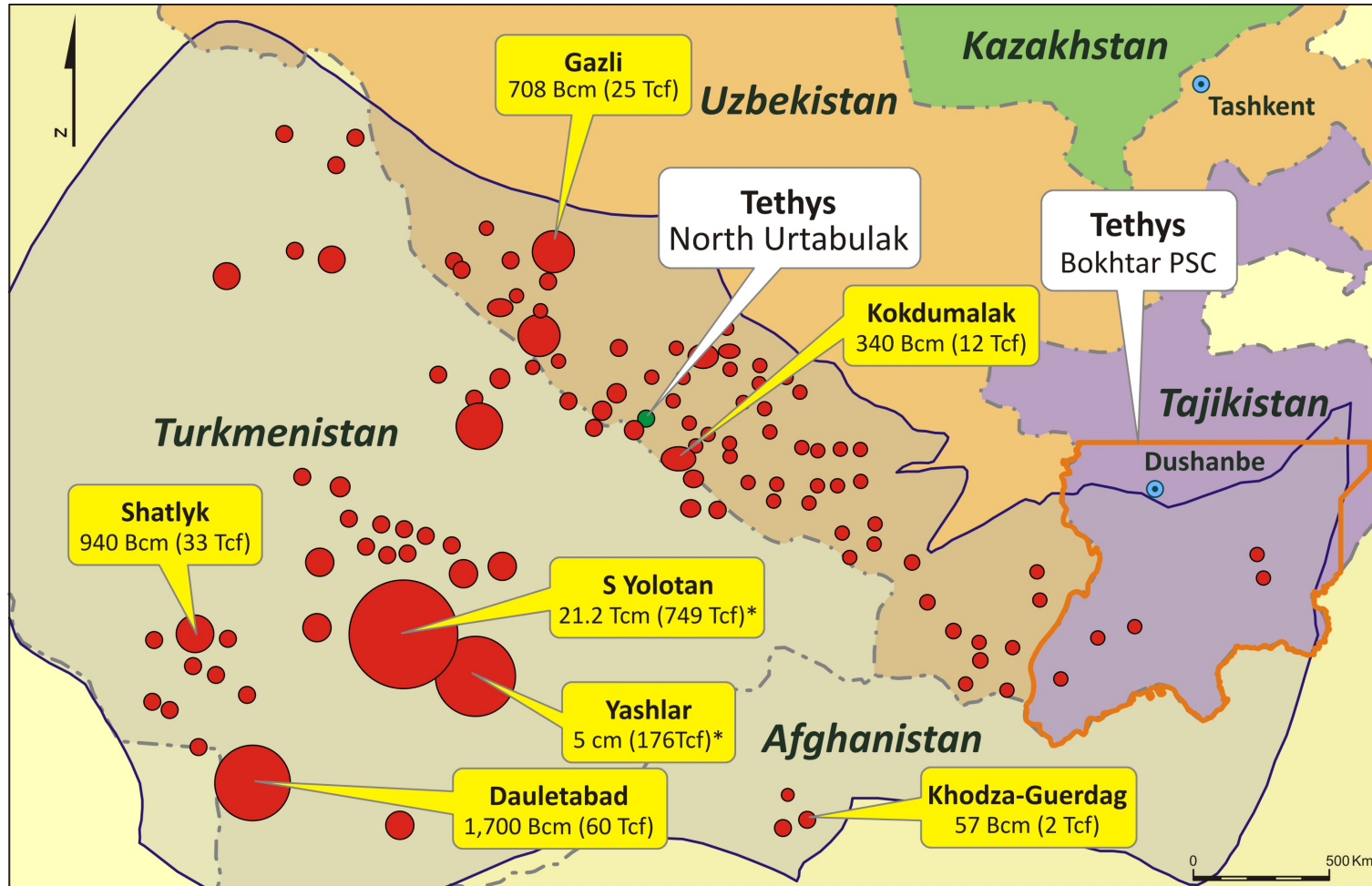
## ■ Enormous potential in deeper section for super-giant discoveries

- Sub-salt Jurassic reefal plays & Lower Cretaceous sands
- No sub-salt well ever drilled in area – 27 billion boe potential

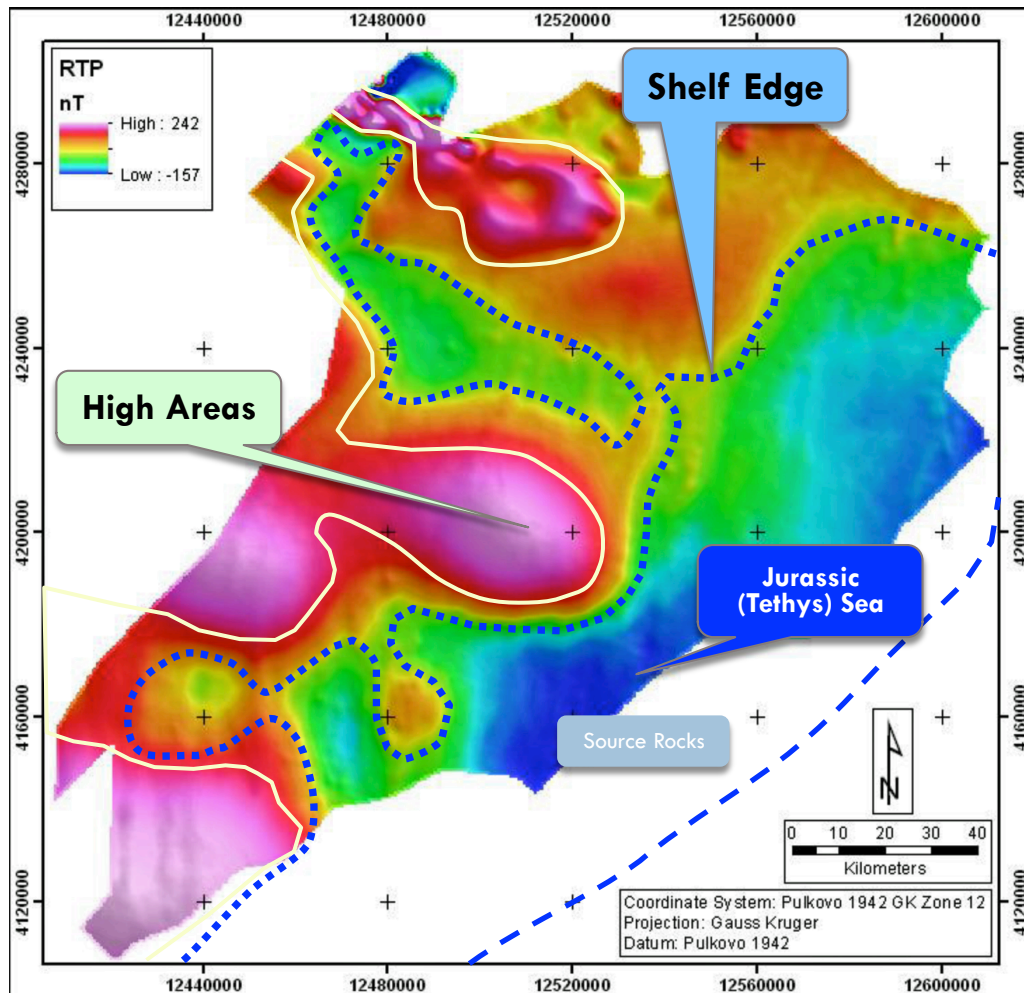
## ■ Farmout to Total and CNPC



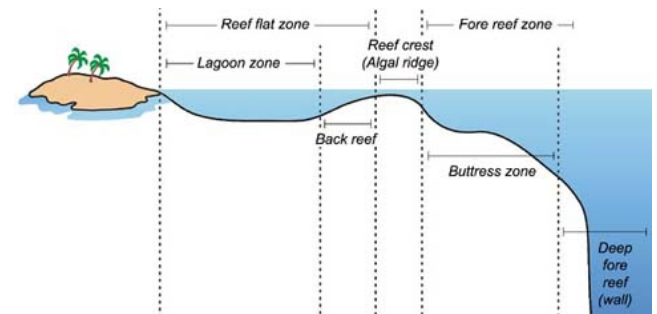
# Amu Darya – World Class Basin



# Tajikistan: Targeting Deep Potential – 2011 Aerial Graviometry Survey



## Reefs – World Class Reservoirs



Fiji – Monukiri and Monu islands



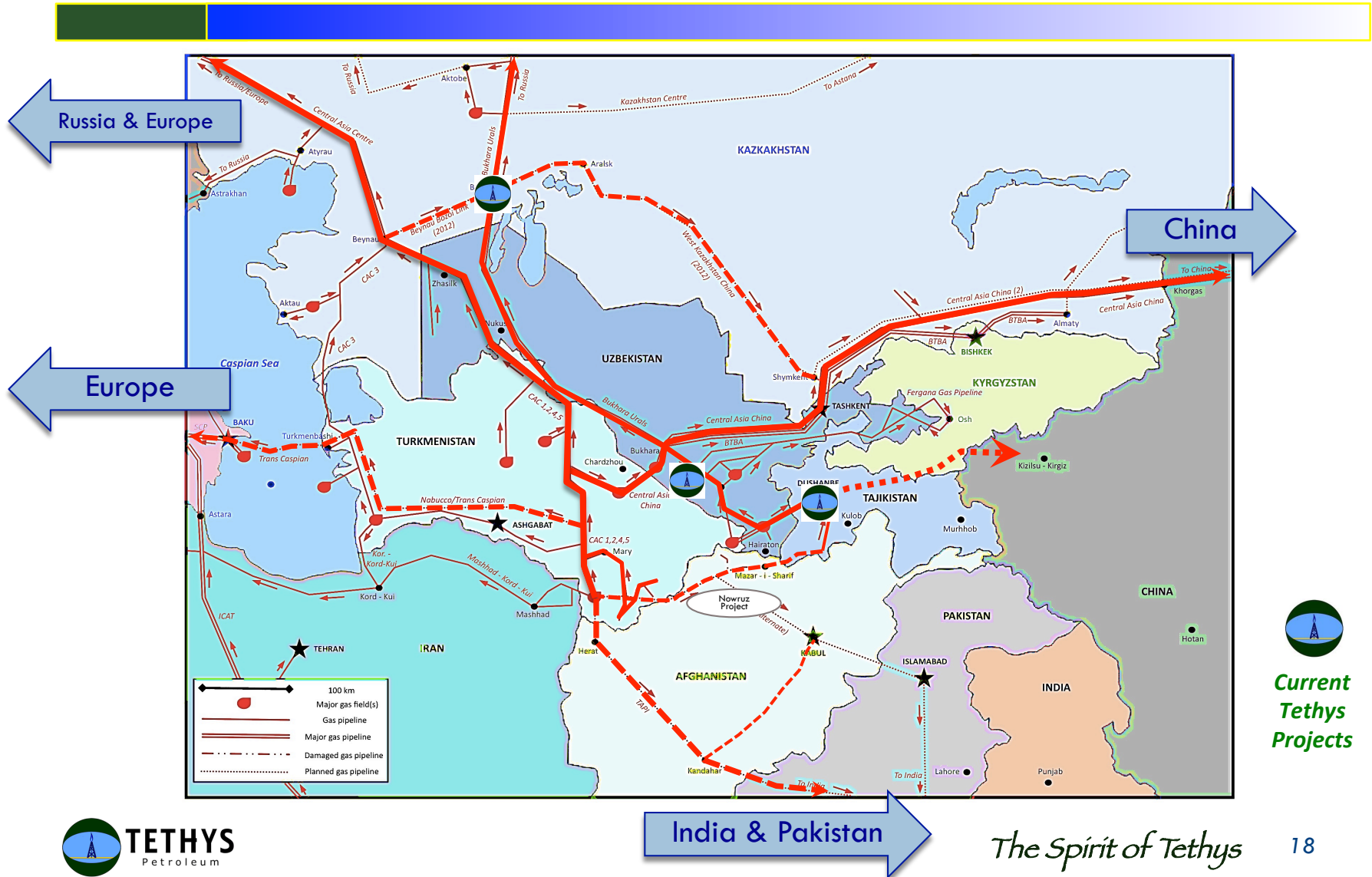
# Tajik Prospective Resources

- **27.5 billion barrels oil equivalent<sup>1</sup> comprising**
  - 113.7 trillion cubic feet (3.22 trillion cubic metres) of natural gas
  - 8.5 billion barrels of oil/condensate
  - More than estimated remaining potential of UKCS<sup>2</sup>
- **Based on seismic, gravimetry, well data & field outcrops**
- **Mainly in deep targets (likely gas condensate)**
  - Cretaceous sandstones
    - Possible analogues –
      - Dautelabad (Turkmenistan – 1.7 Tcm)
  - Sub-Salt Jurassic carbonate reefs
    - Possible analogues –
      - Galkynysh (Turkmenistan – 21.2 Tcm)
- **Shallower targets (likely oil)**

<sup>1</sup> Gross unrisksed mean recoverable prospective resources from independent report prepared in accordance with Canadian NI 51-101 by Gustavson Associates (USA) – June 30, 2012

<sup>2</sup> Oil & Gas UK forecasts between 14 and 24 billion barrels oil equivalent still to be recovered in the UKCS

# Central Asian Gas Export Infrastructure



# Tajikistan Bokhtar PSC Farmout

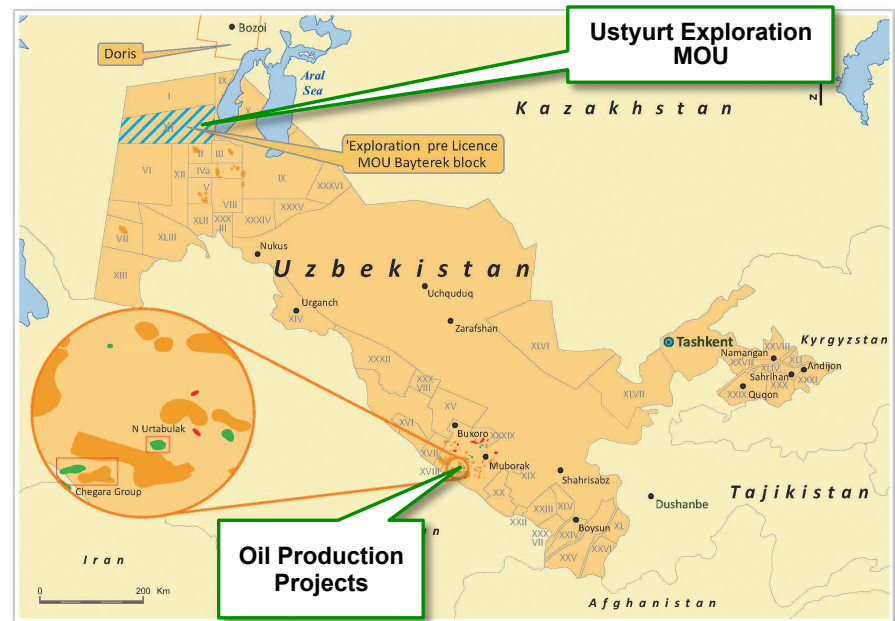
- **“Transformational” deal places Tethys and Tajikistan in unique position in world class project with world class partners**
  - Farmout to Total S.A. and CNPC
  - Only deal involving an independent, a supermajor and a super IOC in Central Asia
- **Puts Tajikistan on world energy map as a potential significant supplier of energy to China (and other markets) in the future!**
- **Post farmout equity:**
  - Kulob Petroleum (Tethys): 33.330%
  - Total Tajikistan (Total S.A.): 33.335%
  - CNPC Central Asia BV (CNPC): 33.335%
- **Repayment to Tethys of ~\$60 MM back costs**
  - 2/3 carry on costs of \$80 MM initial work programme – leaves only \$9 MM to fund
  - Deal values project at ~\$190 MM
- **Joint Operating Company**
  - Partnership of equals – each company brings strengths
- **Anticipate deal closed in Q2, 2013**
- **Deal brings Tethys strong partners, project funding and additional capital for Tethys**



# UZBEKISTAN

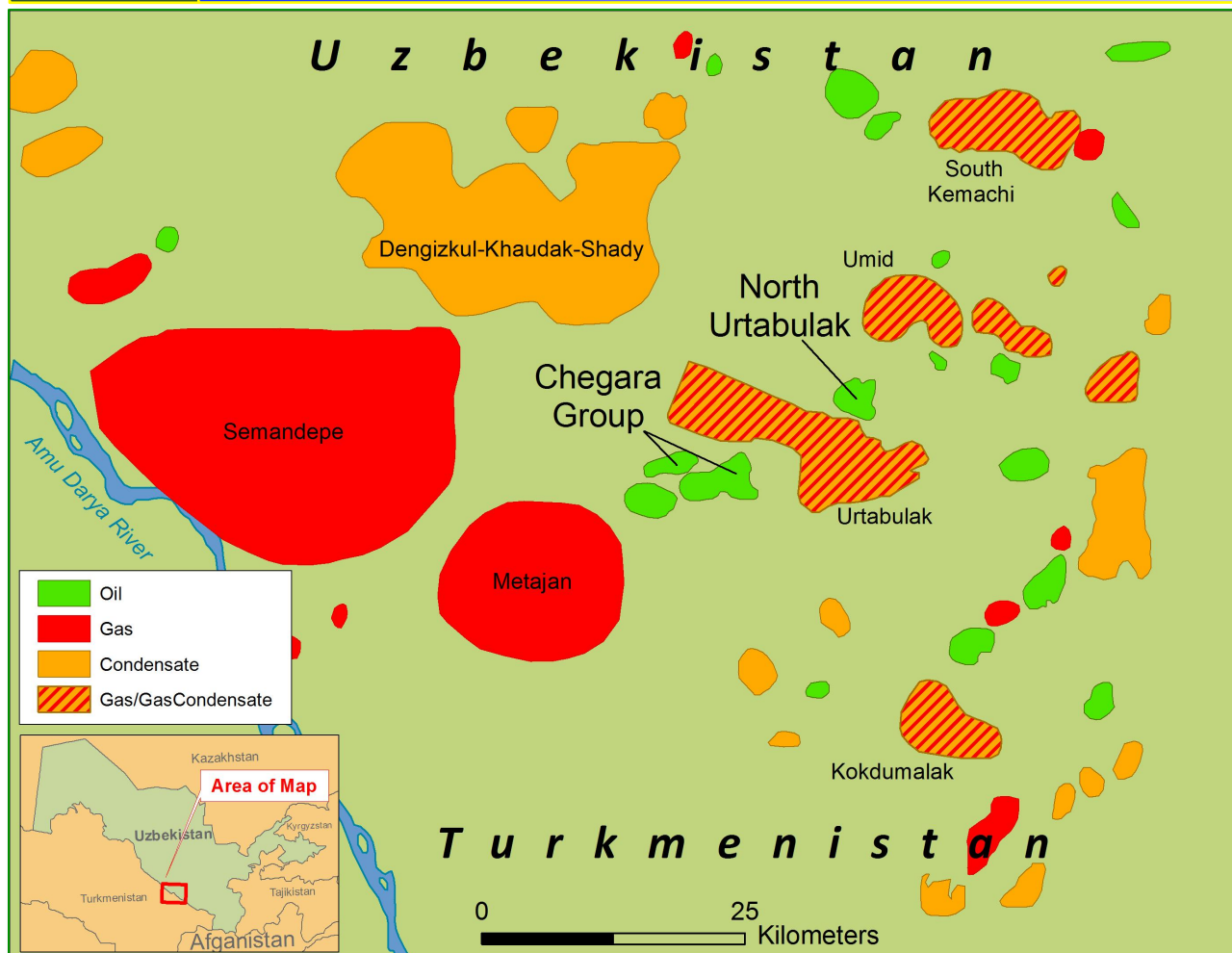
# Uzbekistan

- High potential in several oil and gas basins
  - Relatively underexplored
- **Tethys is only independent oil and gas company working there**
- Mixture of oil cash flow with new production projects and potential additional exploration upside
- Current projects
  - **North Urtabulak Oilfield** – enhanced production
- **Chegara Oilfield** – contract now signed – awaiting final decree from government
- Potential projects
  - High potential exploration areas
- **MOU signed for negotiation of 10,000 km<sup>2</sup> Bayterek exploration block in the North Ustyurt basin**





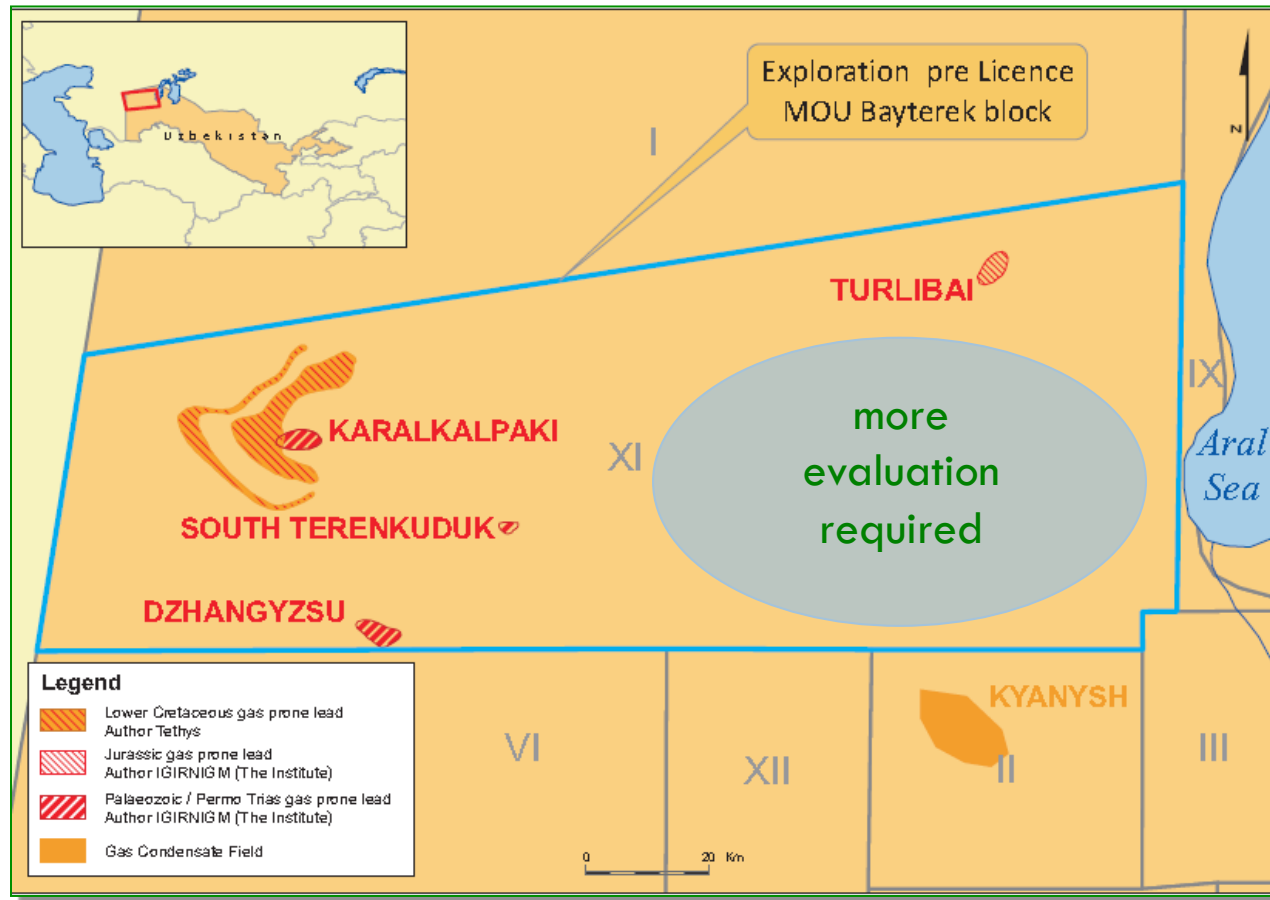
# Uzbekistan: North Urtabulak and Chegara



- Both fields Jurassic carbonate reefs with salt caprock
- N Urtabulak in final stages of development
- Good quality oil
- Chegara – much less developed – exclusive deal
- Expect to commence work mid 2013
- Short-term cash flow and potentially significant upside
- More fields nearby – unique model of co-operation in Uzbekistan

# Uzbekistan – Exploration Potential

## Bayterek Pre-Licence (MOU) – First Identified Leads



- **MOU signed for negotiation of 10,000 km<sup>2</sup> **BAYTEREK** exploration block in the North Ustyurt basin**
- **Potential for Doris look alikes and other prospects**

# Tethys Petroleum – Catalysts for 2013

## ■ Tajikistan

- Closing of Total / CNPC Tajik Farmout
- Ranking of first deep well target

## ■ Uzbekistan

- Field handover and first production from Chegara field
- Signing of exploration agreement for Bayterek block

## ■ Kazakhstan

- Testing of Kalypso (KBD01) discovery
- Drilling of “Doto” prospect and potentially further drilling
- Further production growth and production from Doris and from Dione oil discovery
- Increased shallow gas production (due to increased price)

# Tethys Petroleum - Summary

- Operating E&P company with assets across Central Asia
- **UNIQUE OPERATIONS IN THREE CENTRAL ASIAN COUNTRIES**
- First mover advantage
- Building high impact business on production and leading to exploration potential
- Existing oil & gas production plus massive exploration upside
  - Potential for billion barrel discoveries
- Well respected established operator in the area with proven track record of exploration success and rapid developments – long term player
- Good relationships with host governments at the highest levels and local populations
- Tajik farmout brings additional credibility, strong partners and corporate funding
- Experienced management team with many years working in the region
- Very significant potential for further growth in Central Asia and similar areas

***THE Central Asian oil & gas company***

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# Energising Central Asia



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