TETHYS OIL

Half year and second quarter report 2013

SECOND QUARTER 2013

- Production from Oman and Lithuania of 399,839 barrels corresponding to 4,394 barrels per day
- Tethys Oil approved for listing on NASDAQ OMX Stockholm
- Drilling program with 3 appraisal wells launched on B4EW4 structure on Block 4 in Oman
- An additional drilling rig, the third in operation within the Block 3 & 4 area, has been employed
- Lithuania exploration well flows small amounts of oil and confirms presence of an active petroleum system
- Net sales of MSEK 110 (MSEK 154)
- Net result after tax MSEK 39 (MSEK 15)
- Earnings per share before and after dilution of SEK 1.10 (SEK 0.46)
- Second quarter sales negatively impacted by timing differences following over and under lift adjustments
- The investment budget has been extended from MSEK 300 to MSEK 355 to fund appraisal drilling and additional seismic

HALF YEAR 2013

- Net sales of MSEK 257 (MSEK 298)
- Net result after tax MSEK 144 (MSEK 123)
- Earnings per share before and after dilution of SEK 4.04 (SEK 3.75)

SUBSEQUENT EVENTS

- Second appraisal well on B4EW4 structure has been drilled to its final depth and encountered oil – testing in progress
- Tethys Oil's share of production from Oman during July amounted to 139,998 barrels corresponding to 4,516 barrels per day

MSEK (unless specifically stated)	1 Jan 2013–30 Jun 2013 6 months	1 Apr 2013–30 Jun 2013 3 months	1 Jan 2012–30 Jun 2012 6 months	1 Apr 2012–30 Jun 2012 3 months	1 Jan 2012–31 Dec 2012 12 months
Production, before government take (bbl)	768,321	399,839	586,562	302,081	1,345,854
Net sales, after government take (bbl)	366,354	156,816	380,416	184,994	776,248
Average selling price per barrel, USD	107.68	107.26	113.83	119.34	110.35
Net sales of oil and gas	257	110	298	154	584
Operating result	173	49	122	13	336
EBITDA	237	83	255	136	530
Result for the period	144	39	123	15	314
Earnings per share, SEK	4.04	1.10	3.75	0.46	9.11
Cash and cash equivalents	237	237	44	44	248
Shareholders' equity	990	990	704	704	860
Long term debt	419	419	3	3	417
Investments	149	114	442	232	875

Tethys Oil AB (publ)

Tethys Oil is a Swedish energy company focused on exploration and production of oil and natural gas. Tethys Oil's core area is Oman, where the company is one of the largest onshore oil and gas concession holders. Tethys Oil also have exploration and production assets onshore France, Lithuania and Sweden. The shares are listed on NASDAQ OMX Stockholm (TETY).

Dear Friends and Investors

In the second quarter 2013, Tethys Oil produced 399,839 bbl before government take, representing an increase of 32 per cent compared with the second quarter 2012 (302,081 bbl). Compared with the second quarter last year, the decrease in international oil prices resulted in average selling price of 107.26 USD/bbl (119.34 USD/bbl). The lower oil prices combined with timing issues in sales – we entered the quarter in an over lifted position and we leave the quarter in an under lifted position – resulted in net sales of MSEK 110 (MSEK 154). The result for the second quarter amounted to MSEK 39 (MSEK 15).

From the first to the second quarter 2013, the average daily production from Block 3 & 4 increased by 8 per cent from 3,956 BOPD to 4,261 BOPD. The water injection programme on the Farha South oil field is being successfully implemented. Production has further been increased by test production from the B4EW4 discovery. To increase activity level and further boost production, a third drilling rig came on stream in the end of the second quarter. In July we reported the record production of 4,516 BOPD corresponding to over 15,000 BOPD for the entire Blocks.

But much more important for our future growth are those technical studies now being carried out in several parts of the Omani Blocks. At year end 2012 our producing reserves stood at just over 14 million barrels emanating from the Farha South Field on Block 3 and the Saiwan East Field area on Block 4. These fields cover less that 10 percent of the entire license area. In December last year the license was extended for another 28 years. Since then more 1,000 square kilometres of new 3D seismic has been collected and is now being interpreted while a new 2D study in the eastern parts of the Blocks is ongoing together with an additional 3D study in the western part of Block 4.

The Farha South field shows a clear indication to continue to the south west with at least a dozen of undrilled fault blocks appearing on the seismic maps. Give the drilling success rate achieved so far along the Farha trend, the potential extension of that trend could by itself suffice to more than double existing reserves.

Another play showing great promise is the Lower Buah layer, which has been in successful test production from the B4EW4 structure drilled earlier this year. The B4EW4-1 well encountered several oil bearing layers, but the best productivity has been found in the Lower Buah limestone. This will hopefully be re-confirmed by the recent appraisal well, that has been drilled to its final depth and encountered oil and testing of the Lower Buah is in progress. Preliminary results from the 3D seismic study in the area suggest at least five additional structures similar to B4EW4. This Buah play was unknown until six months ago but is now opening up a completely new pay to substantially increase both reserves and production.

And looking a little further ahead, the 2D seismic study from the Eastern part of Block 4 has another 3 months to go before being completely interpreted, but early indications are that a 'mirror' Farha trend could be found in that part of the Block together with yet more Buah prospects.

We expect the seismic interpretations to yield a large number of drillable prospects and we are therefore actively sourcing a fourth rig to further speed drilling activity. Tethys Oil's share of the investment budget for 2013 on Blocks 3 & 4 has also been increased from MSEK 300 to MSEK 355, which we expect to primarily fund from operating cash flow. So needless to say, focus on exploration will continue for several years as the Blocks are being investigated. Updates on reserves and resources will be made continually as new data becomes available.

In Lithuania production continues in Gargzdai and exploration/ appraisal wells have or are being drilled in both the other licenses. The Lapgiriai-1 well on the Raseiniai license confirmed the presence of an active petroleum system to appraise further. We are particularly pleased that the ongoing 3D seismic study covering 80 square kilometres around the well area is partly funded by EU.

So stay with us, our speed to increased reserves and production has never been greater.

Stockholm in August 2013

Magnus Nordin
Managing Director

Financial and operational review[1]

Review of operations

Oman

Blocks 3 and 4

A total of nine wells were completed on the Blocks during the second quarter 2013. The drilling programme on Farha South on Block 3 was in the second quarter 2013 focused on the water injection programme, with four water injector wells and one water source well completed in the quarter. One appraisal well was drilled in an undrilled fault block in Farha field, which discovered oil and now is on production. In addition, one producer was drilled on the field. On Block 4, drilling was focused on the B4EW4 discovery and two appraisal wells were drilled on the structure. In addition, two horizontal sections were also drilled in existing wells.

The exploration well B4EW4-1 on Block 4 was completed and put onto test production in the first quarter 2013. The well has in the second quarter continued to yield good flows from the Lower Buah section. A first appraisal well on the structure was drilled in the second quarter and tested in July. The well was primarily designed to appraise a shallower part of the Buah limestone formation, above the producing Lower Buah section. The first part of the test conducted in the Middle Buah was negative and no oil was produced to surface. Appraisal drilling continues and an appraisal well has been drilled into the Lower Buah approximately one kilometre from B4EW4-1 well. The well has encountered oil and testing operations are in progress.

A well has also been drilled to evaluate the shallower Lower Al Bashir reservoir, which had good shows in the B4EW4-1 well, but was not tested at that time. Tests are planned to commence shortly.

A new seismic survey, which includes the B4EW4 area, was completed in early April and processing is on-going. The processing is estimated to be completed late in the third quarter 2013.

The 2013 work programme on Blocks 3 & 4 has been expanded. Additional seismic studies will be conducted, and a drilling rig, the third in operation within the Block 3 and 4 area, has also been employed. The rig will primarily be used on Block 3 to do work-overs on the producing wells and to drill water injectors as part of the implementation of water injection programme. Also included in the extended work programme is additional strengthening of infrastructure.

Block 15

An early production system with facilities has been completed and commissioned and the JAS-1 well was in June put on a long term production test. The Omani oilfield service provider SURTECH has provided and installed the test facilities, including separator, skim and surge tanks, 3 storage tanks of 500 barrels each together with an offloading site and a flare unit. Initial flow rates of liquid hydrocarbons amounted to some 200 barrels per day of 44 degrees API oil. Test production continues with varying rates. In addition to the JAS-1 activities, a drilling rig is being mobilized to drill a vertical sidetrack to the JAS-2 well in order to evaluate deeper potential reservoirs.

Lithuania

Gargzdai licence

The 2013 work programme on Gargzdai licence aims at stabilizing production, and additional exploration may be carried out in the second half of the year.

Rietavas licence

The exploration and appraisal work on the Rietavas license has continued. Existing data has been compiled and analysed. Particular focus has been given to data from the Silale oil field, which was discovered in the eighties by the Silale-1 well. Silale-1 flowed 150 bopd from the Cambrian sandstones, but the field was never properly appraised nor put into production. Silale-1 was re-opened in January 2012, producing at some 30 bopd. The well has undergone various tests and been in intermittent production since then. An appraisal well Silale-2 is now in progress to further appraise the Silale field. Silale-2 is drilled 1.5 km west of Silale-1 and is designed to reach its total depth in the Cambrian Sandstones.

Raseiniai licence

The Lapgiriai-1 well on the Raseiniai license was spudded in April and was drilled to a total depth of 1,129 metres. The well confirmed the presence of oil in the Silurian lime stone formation and during subsequent production testing small amounts of oil have been produced to surface. In order to define oil traps and to identify potentially oil bearing fracture systems, a partly EU funded 3D seismic study covering 80 square kilometres around the well area will be carried out. The collection of data has started.

France

On the French licences, the work programmes have been delayed at the request of the government. It is unclear when the work programme could be resumed.

Sweden

Gotland

On the Swedish licences, the work programme has been postponed. Tethys is investigating the possibility to conduct exploratory drilling operations on 10 potential locations. It is not decided when the work programme should be resumed.

1 The consolidated financial statements of the Tethys Oil Group (Hereafter referred to as "Tethys Oil" "Tethys" or the "Group"), where Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the six months 2013 ended 30 June 2013. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period. Segments of the Group are geographical markets.

Production

Tethys has production from two areas, Blocks 3 & 4 onshore Oman and the Gargzdai licence onshore Lithuania. Tethys Oil has 30 per cent interest in Block 3 & 4 Oman and an indirect interest of 25 per cent of Gargzdai Lithuania.

Production from Block 3 and 4 onshore Oman comes from two fields – the Farha South and Saiwan East oil fields, and from test production from the exploration well B4EW4 on Block 4. Production rates vary, mainly due to the ongoing development and continued finetuning of the infrastructure. Production from Oman accounts for 97% of total production.

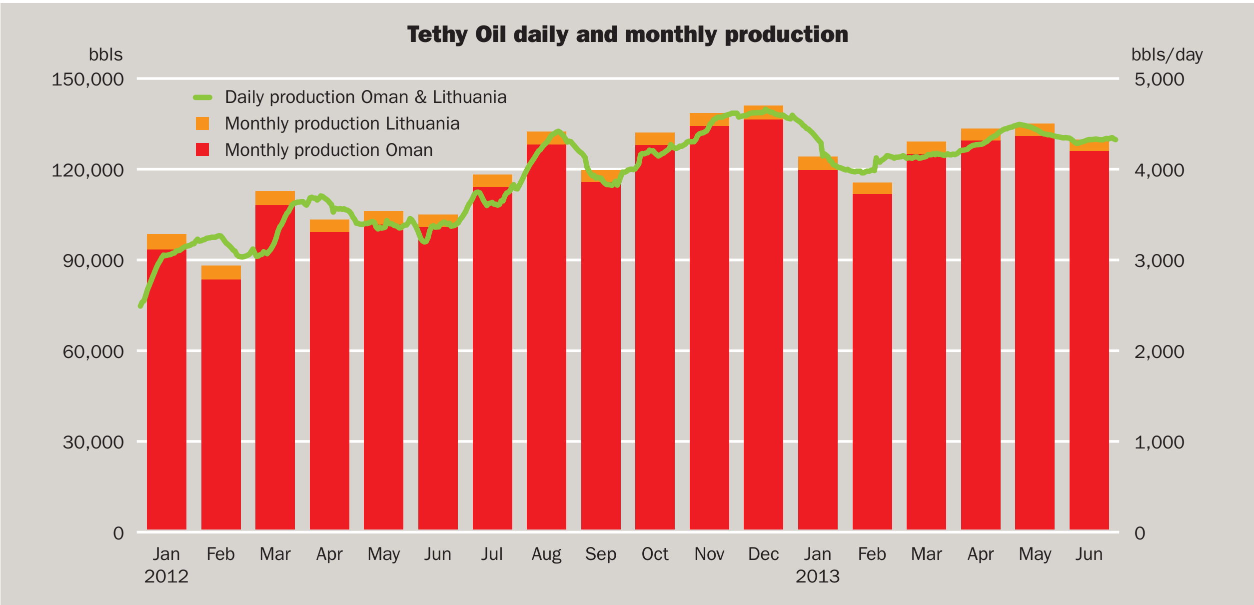
During the first six months 2013, the Blocks 3 & 4 Joint Venture's share of production has continued to be 52 per cent of total production, which is the highest possible share of production according to the terms of the EPSA. Tethys Oil's share of the Joint Venture is 30 per cent. For further information regarding Tethys Oil's share of production, please refer to the Annual Report 2012. The high share of production will remain as long as there are remaining recoverable costs, which are created through further investments in the blocks. The estimated recoverable costs as per 30 June 2013, net to Tethys Oil, amounts to MUSD 89.

Production from the Gargzdai licence in western Lithuania has continued to decrease compared with the second quarter 2012. Tethys Oil's interest in Gargzdai is held indirectly through Odin Energi A/S, an associated Danish company.

Quarterly volumes, before government take

Tethys' share of quarterly production, (bbl)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Oman, Block 3 & 4					
Production	387,734	356,050	400,324	358,968	302,081
Average daily production	4,261	3,956	4,351	3,902	3,320
Lithuania, Gargzdai					
Production	12,105	12,432	13,233	12,737	13,052
Average daily production	133	138	144	138	143
Total production	**399,839**	**368,482**	**413,557**	**371,705**	**315,133**
Total average daily production	**4,394**	**4,094**	**4,495**	**4,040**	**3,463**

Average daily and monthly production net to Tethys Oil during 2012 and 2013



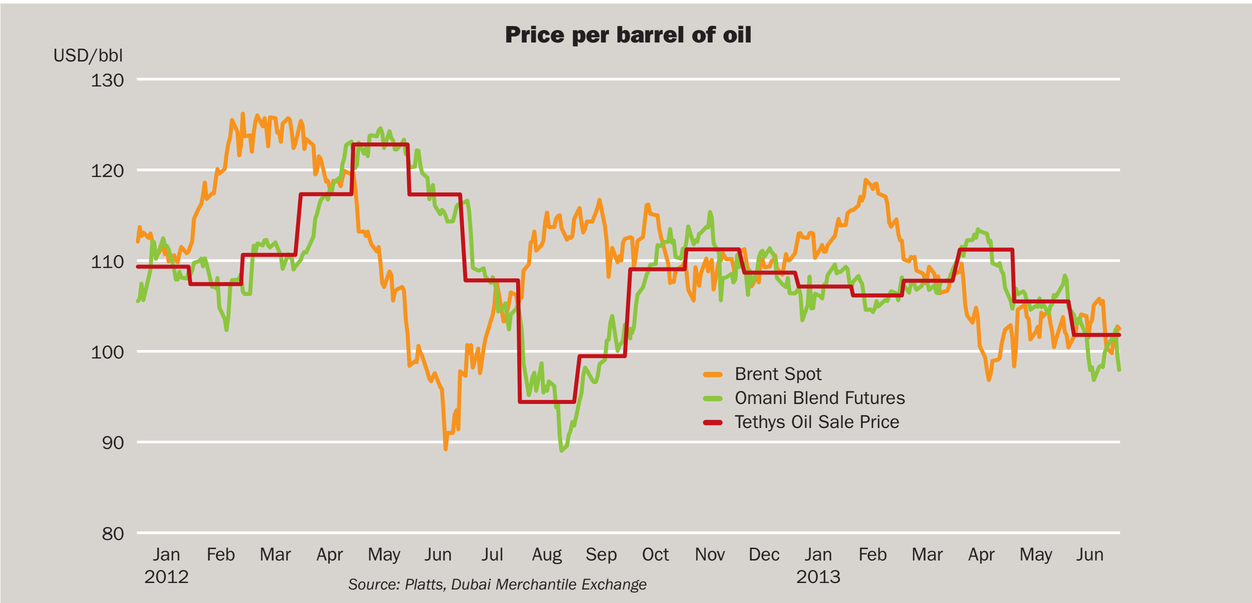
Net sales

During the first six months 2013, Tethys Oil sold 366,354 (380,416 for same period last year) barrels of oil after government take from Block 3 and 4 in Oman and 156,816 (184,994) barrels of oil during the second quarter. This resulted in net sales during the first six months 2013 of MSEK 257 (MSEK 298) and MSEK 110 (MSEK 154) during the second quarter. The average selling price per barrel amounted to USD 108 per barrel during the first six months period 2013 (USD 114 per barrel) and USD 107 for the second quarter (USD 119).

The first half year 2013 production amounted to 768,321 barrels and is higher than the comparative period last year, (586,562 barrels). Despite this development the number of sold barrels is lower during the first half year 2013 compared to same period last year due to differences in over-/underlift position. The first quarter 2012 was significantly impacted by an additional lifting of production from 2011, originally scheduled for December 2011 but conducted in early January 2012, giving the first quarter 2012 a one-off additional sales amounting to MSEK 38. The net sales development is therefore not supported by production development.

During the first six months 2013 there has been a 7 per cent strengthening of the SEK in relation to USD. Furthermore, Tethys Oil has moved from an overlift position as per 31 December 2012 amounting to 609 barrels to an underlift position as per 30 June 2013 of 19,804 barrels.

The selling price received by Tethys Oil is determined for each calendar month based on the monthly average prices of the two month future price of Omani blend (see chart below). During the first six months 2013, prices have been trading between high levels of USD 119 per barrel and low levels of USD 97 per barrel. First six months 2013 prices are lower compared to equivalent period last year.



Result

Tethys Oil reports a net result after tax for the first half year 2013 of MSEK 144 (MSEK 123) and MSEK 39 (MSEK 15) for the second quarter, representing earnings per share of SEK 4.04 (SEK 3.75) for the six month period and SEK 1.10 (SEK 0.46) for the second quarter.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the first half year 2013 amounted to MSEK 237 (MSEK 255) and MSEK 83 (MSEK 136) for the second quarter.

- The first quarter result 2012 was significantly impacted by an additional lifting giving a one-off additional sales amounting to MSEK 38.
- In line with the farmout agreement and presented as *Other income*, Tethys Oil received in the first quarter 2013 from Mitsui a bonus amounting to MSEK 65 (MUSD 10) as commercial production exceeded 10,000 bopd for 30 consecutive days and following the approval of the Field Development Plan ("FDP") in December 2012.

Net profit from associated companies

Tethys Oil holds indirect interest in the three Lithuanian licences; Gargzdai, Rietavas and Raseiniai. Tethys Oil holds a share in these licences through the interests in associated companies Jylland Olie and Odin Energi. Total result from Tethys Oils shares in associated companies Odin Energi and Jylland Olie amounted to MSEK 3 (MSEK 17) for the first six months period 2013 and MSEK 1 (MSEK 17) for the second quarter. The comparative period's result for six months and second quarter comes from received dividend for a whole financial year, which was accounted for in the income statement as the acquisition of the associated companies was still on-going during this period.

Depletion, depreciation and amortisation

Depletion, depreciation and amortisation ("DD&A") for the first six months 2013 amounted to MSEK 61 (MSEK 20) and MSEK 33 (MSEK 10) for the second quarter. Higher DD&A during the first six months 2013 compared to equivalent period last year is referable to depletion of oil and gas properties which furthermore only relate to Blocks 3 & 4. The depletion development between the comparable periods is a result of the high level of investments in Blocks 3 & 4 during the full year 2012 which has increased oil and gas properties and higher production rates during 2013 which also increase the depletion rate.

Operating expenses

Operating expenses (OPEX) amounted during the first six months 2013 to MSEK 73 (MSEK 48) and MSEK 17 (MSEK 28) for the second quarter. Operating expenses are related to oil and gas production on Block 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. Furthermore, over and underlift adjustments are made within the Operating expenses category, in accordance with Tethys Oil's accounting principles. Due to an underlift position as per 30 June 2013 amounting to 19,804 barrels, the Operating expenses during the first six months 2013 have been decreased by MSEK 2. Furthermore, Operating expenses have been significantly impacted by transfer of late incoming expenses from 2012 amounting to MSEK 13 and expenses related to well work overs amounting to MSEK 8.

The increase in Operating expenses between the current period and the comparative period is mainly explained by the late incoming expenses from 2012 and expenses related to well work overs. Direct production costs are lower in the current period despite higher production rates which is explained by the permanent production facilities which were commissioned during the fourth quarter 2012. A breakdown of Operating expenses is presented in note 5.

Administrative expenses

Administrative expenses amounted to MSEK 17 (MSEK 12) for the first six months 2013 and MSEK 12 (MSEK 6) for the second quarter. Administrative expenses are mainly salaries, rents, listing costs and outside services. The administrative expenditures during the first six months are higher compared with same period last year mainly due to the main market listing on NASDAQ OMX Stockholm, conducted during the second quarter.

Net financial result

The result for the first six months 2013 has been impacted by net foreign exchange losses and interest on long term debt. The currency exchange effect of the group amounts to MSEK -8 and most of the effect relates to the weaker US dollar in relation to the Swedish krona. Currency translation differences between the parent company and subsidiaries are non cash related items. Interest on long term debt amounted to MSEK 19 for the first six months and MSEK 10 for the second quarter. The currency exchange effect and interest on long term debt is part of net financial result amounting to MSEK -29 (MSEK 1) for the first six months 2013 and MSEK -10 (MSEK 3) for the second quarter.

Summary of oil and gas interests (MSEK)

Tethys Oil has interests in licences in Oman, Lithuania, France and Sweden.

Country	Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)	Book value 30 Jun 2012	Book value 31 Dec 2012	Investments Jan–Jun 2013
Oman	Block 15	40%	1,389	**Odin Energy**, Tethys Oil	39	27	13
Oman	Block 3 & 4	30%	34,610	**CCED**, Mitsui, Tethys Oil	949	890	143
France	Attila	40%	1,986	**Galli Coz**, Tethys Oil	–	–	1
France	Alès	37,5%	215	**Tethys Oil**, MouvOil	–	–	0
Sweden	Gotland Större (incl Gotland Mindre)	100%	581	**Tethys Oil**	2	2	–
Lithuania	Gargzdai[2]	25%	884	**Odin**, GeoNafta, Tethys Oil	–	–	–
Lithuania	Rietavas[2]	14%	1,594	**Chevron**, Odin, Tethys Oil	–	–	–
Lithuania	Raseiniai[2]	26%	1,535	**Odin**, Tethys Oil, private investors	–	–	–
New ventures					1	0	1
Total			**42,794**		**992**	**919**	**158**

2 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding 100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under Shares in associated companies.
Regarding licences Rietavas and Raseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 30 June 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raseiniai respectively.

Oil and gas properties as per 30 June 2013 amounted to MSEK 992 (MSEK 919). Investments in oil and gas properties of MSEK 158 (MSEK 444) were incurred for the six month period ended 30 June 2013.

Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK 23 during the first six months 2013, which are not cash related items and therefore not included in investments. For more information please see above under *Result*.

Reserves and resources

Oman

Tethys Oil's net working interest reserves in the Sultanate of Oman as per 31 December 2012, amounts to 14.3 million barrels of oil ("mmbo") of proven and probable reserves.

Reserves (Audited by DeGolyer and MacNaughton)

mmbo	1P	2P	3P
Farha South Field, Oman	4.2	12.5	15.7
Saiwan East Field, Oman	0.9	1.4	2.5
B4EW3 discovery, Oman	0.2	0.4	0.5
Total	**5.3**	**14.3**	**18.7**

The reserves in the Farha South field are from the Barik reservoir section only. The reserves in the Saiwan East field and the B4EW3 area discovery are in the Khufai reservoir. The review of the reserves in Oman has been conducted by independent petroleum consultant DeGolyer and MacNaughton ("D&M").

The reserve report replaces the previous report by D&M regarding contingent resources. Tethys Oil's net working interest resources oil base in the Sultanate of Oman as at December 31, 2011, amounted to 2.6 mmbo of 1C contingent resources, 9.8 mmbo of 2C and 12.4 mmbo of 3C.

Tethys Oil's indirect share of reserves in the Gargzdai license in Lithuania, according to the agreement with Odin Energi A/S, amounts as per 31 December 2012 to 0.8 mmbo of 1P reserves, 1.7 mmbo of 2P and 2.8 mmbo of 3P. The review of the reserves in Oman has been conducted by independent petroleum consultant Miller Lents Ltd.

Investments

Blocks 3 & 4

During the first six months 2013, investments amounting to MSEK 143 were made on Blocks 3 & 4. Of the total investment amount, MSEK 141 consists of new investments in the blocks and the remaining MSEK 2 emanate from that part of investments previously made by Mitsui on Tethys Oil's behalf under the Carry agreement and was recovered by Mitsui during the first quarter from Tethys Oil's share of cost recovery oil entitlement.

Of the investments of MSEK 141 made by Tethys Oil during the first six months 2013, most has been spent on appraisal drilling, seismic and water injection wells.

Other investments

Other investments amounted during the period to MSEK 15, where Block 15 accounts for most of the investments. On Block 15, a long term production of JAS-1 was launched in June 2013.

Liquidity and financing

Cash and bank as at 30 June 2013 amounted to MSEK 237 (MSEK 248).

In accordance with the 2010 farmout agreement, Mitsui commenced during first quarter 2012 recovering the MUSD 60 paid on behalf of Tethys Oil from the proceeds of Tethys Oil's share of cost recovery oil entitlement. Under the carry agreement, Tethys Oil has allocated its entire share of cost recovery entitlement to Mitsui until the full MUSD 60 was recovered by Mitsui. As per January 2013 the final balance cost recovery repayment was allocated to Mitsui.

The high level of investments on Block 3 and 4 will continue, with a main focus on exploration, appraisal of the B4EW4 area and a water injection programme to enhance production. Tethys Oil's share of the total Joint Venture investment budget for 2013 on Blocks 3 & 4, originally amounted to around MSEK 300. The Blocks 3 & 4 investment budget has been extended to allow for additional seismic studies, increased number of drillings through the employment of a third rig and investments in additional strengthening of infrastructure. The investment budget including the extended work programme amounts to MSEK 355. The investment budget is expected to be primarily financed by cash flow from operations.

Tethys Oil's operations in Lithuania is expected to continue to be self-financed from oil production on the Gargzdai licence and financed by Chevron on the Rietavas licence.

A large part of cash and cash equivalents are kept in USD which has depreciated against SEK during the reporting period. The currency exchange effect on cash and cash equivalents amounted during first six months 2013 to MSEK -4.

Financial assets

Tethys Oil's interests in three Lithuanian licences are held through two private Danish companies. For more information regarding the ownership structure, please refer to note 7. As per 30 June 2013 the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 183.

Tethys Oil's share of net profit during the first six months 2013 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK 3 (MSEK 17) and MSEK 1 (MSEK 17) for the second quarter. The result was mainly generated from selling 24,537 barrels of oil (Tethys Oil's indirect share) during the first six months 2013 and 12,105 barrels of oil during the second quarter at an average price of USD 105.89 (–) per barrel for the six months period. During the second quarter a dividend from the Lithuanian investments was received amounting to MSEK 9 (MSEK 17).

For the comparative period, six months and second quarter 2012, the dividend received was accounted for in the income statement as the as the acquisition of the associated companies was still on-going during this period.

Tethys Oil receives cash flow from the Lithuanian investments only through dividends from the associated companies, which is normally received annually.

Parent company

The Parent company reports a net result after tax for the first six months 2013 amounting to MSEK -29 (MSEK -127) and MSEK -14 (MSEK -126) for the second quarter. Administrative expenses amounted to MSEK -12 (MSEK -5) for the first six months 2013 and MSEK -10 (MSEK -3) for the second quarter. Net financial loss amounted to MSEK -22 (MSEK -140) during the first six months 2013 and MSEK -6 (MSEK -140) for the second quarter. Interest paid on the bond loan and the weaker US dollar has had a negative impact on net financial result during the first six months 2013. The exchange rate losses regard translation differences and are non cash related. Investments during the first six months 2013 amounted to MSEK 21 (MSEK 102). Financial investments are financial loans to subsidiaries for their oil and gas operations. The turnover in the Parent company relates to chargeouts of services to subsidiaries.

Board of Directors

At the Annual General Meeting of shareholders on 22 May 2013 Vincent Hamilton, Staffan Knafve, Magnus Nordin, Jan Risberg and Katherine Støvring were re-elected members of the Board. Per Brilioth was elected as new director. No deputy directors were appointed. At the same meeting Vincent Hamilton was appointed Chairman of the Board.

Share data

As per 30 June 2013, the number of outstanding shares in Tethys Oil amount to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (SEK 0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 18.

Subsequent events

- Second appraisal well on B4EW4 structure has been drilled to its final depth and encountered oil – testing in progress
- Tethys Oil's share of production from Oman during July amounted to 139,998 barrels corresponding to 4,516 barrels per day

Consolidated statement of comprehensive income in summary

TSEK	Note	1 Jan 2013–30 Jun 2013 6 months	1 Apr 2013–30 Jun 2013 3 months	1 Jan 2012–30 Jun 2012 6 months	1 Apr 2012–30 Jun 2012 3 months	1 Jan 2012–31 Dec 2012 12 months
Net sales of oil and gas	2,3	256,559	110,330	298,479	153,768	583,990
Depletion, depreciation and amortisation	4	-60,692	-32,708	-19,648	-10,208	-54,508
Exploration costs	4	-870	-870	-113,148	-113,148	-117,521
Other income	6	65,034	195	–	–	56
Operating expenses	5	-73,182	-16,608	-48,392	-28,247	-95,518
Net profit/loss from associates	7	3,419	642	16,618	16,618	49,043
Other losses/gains, net		-10	-28	-50	-35	-42
Administrative expenses		-17,066	-11,837	-11,863	-6,081	-29,200
Operating result		**173,191**	**49,115**	**121,995**	**12,668**	**336,300**
Financial income and similar items		3,678	3,185	6,415	5,755	14,673
Financial expenses and similar items	9	-33,066	-13,050	-4,949	-3,192	-36,798
Net financial loss/profit		**-29,389**	**-9,864**	**1,466**	**2,564**	**-22,125**
Result before tax		**143,802**	**39,251**	**123,462**	**15,232**	**314,175**
Income tax		-52	-29	-66	-26	-213
Result for the period		**143,750**	**39,222**	**123,395**	**15,205**	**313,962**
Other comprehensive result						
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences		-14,126	1,746	5,282	9,734	-23,630
Other comprehensive result for the period		**-14,126**	**1,746**	**5,282**	**9,734**	**-23,630**
Total comprehensive result for the period		**129,624**	**40,968**	**128,678**	**24,939**	**290,332**
Number of shares outstanding	8	35,543,750	35,543,750	35,543,750	35,543,750	35,543,750
Number of shares outstanding (after dilution)	8	35,543,750	35,543,750	35,543,750	35,543,750	35,543,750
Weighted number of shares	8	35,543,750	35,543,750	32,945,066	32,945,066	34,464,515
Earnings per share, SEK		4.04	1.10	3.75	0.46	9.11
Earnings per share (after dilution), SEK		4.04	1.10	3.75	0.46	9.11

Consolidated balance sheet in summary

TSEK		30 Jun 2013	31 Dec 2012
ASSETS			
Non current assets			
Oil and gas properties	4	991,609	919,523
Office equipment		1,384	2,086
Investment in associates	7	182,939	188,161
		1,175,932	**1,109,770**
Current assets			
Other receivables		39,311	14,618
Prepaid expenses		1,331	1,812
Cash and cash equivalents		236,960	248,038
		277,603	264,467
TOTAL ASSETS		**1,453,535**	**1,374,237**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		5,924	5,924
Additional paid in capital		552,060	552,060
Other reserves		-40,711	-26,585
Retained earnings		472,473	328,723
Total shareholders' equity	8	**989,746**	**860,122**
Non current liabilities			
Bond issue	9	390,935	388,862
Other non current liabilities	10	28,081	28,279
		419,016	**417,141**
Current liabilities			
Accounts payable		689	684
Other current liabilities		29,186	12,762
Accrued expenses		14,898	83,529
		44,772	**96,975**
Total liabilities		**463,788**	**514,115**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,453,535**	**1,374,237**
Pledged assets	11	797,263	625,683
Contingent liabilities	12	–	15,648

Consolidated statement of changes in equity in summary

TSEK	Share capital	Paid in capital	Other reserves	Retained earnings	Total equity
Opening balance 1 January 2012	**5,424**	**438,329**	**-2,955**	**14,761**	**455,559**
Comprehensive income					
Result for the first quarter 2012	–	–	–	108,190	**108,190**
Result for the second quarter 2012	–	–	–	15,205	**15,205**
Result for the third quarter 2012	–	–	–	45,963	**45,963**
Result for the fourth quarter 2012	–	–	–	144,605	**144,605**
Period result	**–**	**–**	**–**	**313,962**	**313,962**
Other Comprehensive income					
Currency translation differences first quarter 2012	–	–	-4,451	–	**-4,451**
Currency translation differences second quarter 2012	–	–	9,734	–	**9,734**
Currency translation differences third quarter 2012	–	–	-29,052	–	**-29,052**
Currency translation differences fourth quarter 2012	–	–	140	–	**140**
Total other comprehensive income	**–**	**–**	**-23,630**	**–**	**-23,630**
Total comprehensive income	**–**	**–**	**-23,630**	**313,962**	**290,332**
Transactions with owners					
Share issue 2012	500	119,500	–	–	**120,000**
Issue costs	–	-5,769	–	–	**-5,769**
Total transactions with owners	**500**	**113,819**	**–**	**–**	**114,319**
Closing balance 31 Dec 2012	**5,924**	**552,060**	**-26,585**	**328,723**	**860,122**
Opening balance 1 January 2013	**5,924**	**552,060**	**-26,585**	**328,723**	**860,122**
Comprehensive income					
Result for the first quarter 2013	–	–	–	104,544	**104,544**
Result for the second quarter 2013	–	–	–	39,222	**39,222**
Period result	**–**	**–**	**–**	**143,750**	**143,750**
Other Comprehensive income					
Currency translation differences first quarter 2013	–	–	-15,872	–	**-15,872**
Currency translation differences second quarter 2013	–	–	1,746	–	**1,746**
Total other comprehensive income	**–**	**–**	**-14,126**	**–**	**-14,126**
Total comprehensive income	**–**	**–**	**-14,126**	**143,750**	**129,624**
Closing balance 30 Jun 2013	**5,924**	**552,060**	**-40,711**	**472,473**	**989,746**

Consolidated cash flow statement in summary

TSEK	Note	1 Jan 2013–30 Jun 2013 6 months	1 Apr 2013–30 Jun 2013 3 months	1 Jan 2012–30 Jun 2012 6 months	1 Apr 2012–30 Jun 2012 3 months	1 Jan 2012–31 Dec 2012 12 months
Cash flow from operations						
Operating result		173,191	49,115	121,995	12,668	336,300
Interest received		–	–	–	–	550
Interest paid	9	-19,000	–	–	–	–
Income tax		-52	-29	-66	-26	-213
Adjustment for exploration costs	4	870	870	113,148	113,148	117,521
Adjustment for depletion, depreciation and other non cash related items	4	62,239	33,445	34,799	23,313	12,830
Total cash flow from operations before change in working capital		**217,249**	**83,402**	**269,877**	**149,103**	**466,988**
Change in receivables		-23,938	10,640	-18,956	-8,538	-13,850
Change in liabilities		-52,202	-14,845	23,002	-52,406	76,710
Cash flow from operations		**141,108**	**79,196**	**273,923**	**88,158**	**529,847**
Investment activity						
Investment in oil and gas properties	4	-155,260	-121,951	-263,894	-108,263	-493,364
Oil and gas properties from cost oil repayment	12	-2,366	–	-180,101	-125,864	-381,240
Dividend from associated companies	7	8,640	8,640	–	–	–
Investment in long term receivables		–	–	1,630	1,630	–
Investment in other fixed assets		57	-214	-76	52	-697
Cash flow from investment activity		**-148,929**	**-113,525**	**-442,441**	**-232,444**	**-875,301**
Financing activity						
Share issue, net after issue costs		–	–	120,000	120,000	114,231
Bond issue, net after issue costs	9	–	–	–	–	387,553
Cash flow from financing activity		**–**	**–**	**120,000**	**120,000**	**501,784**
Period cash flow		**-7,820**	**-34,329**	**-48,519**	**-24,285**	**156,330**
Cash and cash equivalents at the beginning of the period		248,038	270,237	93,105	67,947	93,105
Exchange gains/losses on cash and cash equivalents		-3,258	1,051	-898	27	-1,398
Cash and cash equivalents at the end of the period		236,960	236,960	43,688	43,688	248,038

Parent company income statement in summary

TSEK	Note	1 Jan 2013–30 Jun 2013 6 months	1 Apr 2013–30 Jun 2013 3 months	1 Jan 2012–30 Jun 2012 6 months	1 Apr 2012–30 Jun 2012 3 months	1 Jan 2012–31 Dec 2012 12 months
Net sales of oil and gas		–	–	–	–	–
Depletion, depreciation and amortisation		-31	-31	–	–	–
Other income		1,801	1,066	982	538	2,781
Net profit/loss of associates	7	3,419	642	16,618	16,618	49,043
Other losses/gains, net		-10	-28	-50	-35	-42
Administrative expenses		-12,418	-9,689	-5,374	-3,256	-11,902
Operating result		**-7,240**	**-8,040**	**12,176**	**13,865**	**39,880**
Financial income and similar items		10,809	7,019	9,039	7,100	70,362
Financial expenses and similar items	9	-32,502	-12,832	-4,812	-3,124	-36,363
Write down of shares in group company		–	–	-143,880	-143,880	-156,673
Net financial loss		**-21,693**	**-5,813**	**-139,653**	**-139,904**	**-122,673**
Result before tax		**-28,933**	**-13,853**	**-127,477**	**-126,039**	**-82,793**
Income tax		–	–	–	–	–
Loss for the period		**-28,933**	**-13,853**	**-127,477**	**-126,039**	**-82,793**
Number of shares outstanding	8	35,543,750	35,543,750	35,543,750	35,543,750	35,543,750
Number of shares outstanding (after dilution)	8	35,543,750	35,543,750	35,543,750	35,543,750	35,543,750
Weighted number of shares	8	35,543,750	35,543,750	32,945,066	32,945,066	34,464,515

Parent company balance sheet in summary

TSEK	Note	30 Jun 2013	31 Dec 2012
ASSETS			
Total non current assets		579,486	562,763
Total current assets		77,619	189,648
TOTAL ASSETS		**657,104**	**752,411**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	8	252,464	281,397
Total non current liabilities	9	390,935	388,862
Total current liabilities		13,705	82,152
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**657,104**	**752,411**
Pledged assets	11	797,263	625,683
Contingent liabilities	12	–	–

Parent company statement of changes in equity in summary

	Restricted equity		Unrestricted equity			
TSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net result	Total equity
Opening balance 1 January 2012	**5,424**	**71,071**	**367,258**	**-179,124**	**-14,669**	**249,960**
Transfer of prior year net result	–	–	–	-14,669	14,669	**–**
Comprehensive income						
Loss for the first quarter 2012	–	–	–	–	-1,438	**-1,438**
Loss for the second quarter 2012	–	–	–	–	-126,039	**-126,039**
Loss for the third quarter 2012	–	–	–	–	-17,173	**-17,173**
Profit for the fourth quarter 2012	–	–	–	–	61,856	**61,856**
Period result	–	–	–	–	**-82,793**	**-82,793**
Total comprehensive income	**–**	**–**	**–**	**–**	**-82,793**	**-82,793**
Transactions with owners						
Share issue 2012	500	–	119,500	–	–	**120,000**
Issue costs	–	–	-5,769	–	–	**-5,769**
Total transactions with owners	**500**	**–**	**113,819**	**–**	**–**	**114,319**
Closing balance 31 Dec 2012	**5,924**	**71,071**	**480,989**	**-193,794**	**-82,793**	**281,397**
Opening balance 1 January 2013	**5,924**	**71,071**	**480,989**	**-193,794**	**-82,793**	**281,397**
Transfer of prior year net result	–	–	–	-82,793	82,793	**–**
Comprehensive income						
Loss for the first quarter 2013	–	–	–	–	-15,080	**-15,080**
Loss for the second quarter 2013	–	–	–	–	-13,853	**-13,853**
Period result	**–**	**–**	**–**	**–**	**-28,933**	**-28,933**
Total comprehensive income	**–**	**–**	**–**	**–**	**-28,933**	**-28,933**
Closing balance 30 Jun 2013	**5,924**	**71,071**	**480,989**	**-276,587**	**-28,933**	**252,464**

Notes

General information

Tethys Oil AB (publ) ("the Company"), organisation 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 licences in Lithuania, France, Oman and Sweden.

The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The Company is listed on NASDAQ OMX Stockholm.

Accounting principles

The six months report 2013 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The six months report 2013 of the Parent 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 same accounting principles were used in the Annual report 2012.

Financial instruments

Tethys Oil has not used any derivative financial instruments during the period in order to hedge risks.

Exchange rates

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

Currency	2013 Average	2013 Period end	2012 Average	2012 Period end
SEK/CHF	6.96	7.01	7.39	7.38
SEK/EUR	8.56	8.64	8.92	8.87
SEK/LTL	2.53	2.50	–	–
SEK/USD	6.50	6.47	6.89	7.00

Fair value

The nominal value of accounts payables, cash and bank and accounts receivables is a fair approximation of those line items. The nominal amount of the bond loan was TSEK 400,000 and issued at a fixed annual interest rate of 9.50 per cent and it was trading at 7.40 per cent as per 30 June 2013 (7.97 per cent).

IAS 39 valuation categories and related balance sheet items

	30 June 2013		
TSEK	Financial assets and liabilities at fair value through profit or loss	Receivables and other receivables	Other liabilities
Other receivables	–	39,311	–
Cash and bank	–	236,960	–
Debt	–	–	390,935
Accounts payables	–	–	68
Other current liabilities	–	–	29,186

	31 December 2012		
TSEK	Financial assets and liabilities at fair value through profit or loss	Receivables and other receivables	Other liabilities
Other receivables	–	14,618	–
Cash and bank	–	248,038	–
Debt	–	–	388,862
Accounts payables	–	–	684
Other current liabilities	–	–	12,762

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 operational and financial risks described below.

Operational risk

At its current stage of development Tethys Oil is partly commercially producing oil and partly exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these different 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 and its partners 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 prices prevailing from time to time. Significantly lower oil prices will reduce current and expected profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. Another operational risk factor is access to equipment in Tethys Oil's project. Especially in the drilling/development phase of a project the group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of theses supplies can present difficulties for Tethys Oil to fulfil projects. Through its operations Tethys Oil is furthermore subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

By operating in several countries, Tethys Oil is exposed to fluctuations in a number of currencies. Income is and will also most likely be denominated in foreign currencies, US dollars in particular. Furthermore, Tethys Oil has since inception been equity financed through share issues and financed by asset divestment. Additional capital may be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need may occur during less favourable market conditions.

A more detailed analysis of the Group's risks and uncertainties and how the Group addresses these risks, are given in the Annual report for 2012.

Note 2) Net sales of oil and gas

During the first six months 2013, Tethys Oil sold 366,354 (380,416) barrels of oil after government take from Block 3 and 4 in Oman and 156,816 barrels (184,994 barrels) during the second quarter. This resulted in net sales during the first six months 2013 of TSEK 256,559 (TSEK 298,479) and TSEK 110,330 (TSEK 153,768) during the second quarter. The average selling price per barrel amounted to USD 107.68 per barrel during the first six months 2013 (USD 113.83) and USD 107.26 (USD 119.34) per barrel during the second quarter.

Note 3) 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–Jun 2012							
TSEK	**Dubai**	**France**	**Lithuania**	**Oman**	**Sweden**	**Switzerland**	**Other**	**Total**
Net sales	–	–	–	298,479	–	–	–	**298,479**
Depreciation, depletion and amortisation	–	–	–	-19,648	–	–	–	**-19,648**
Exploration costs	–	-13,357	–	-99,093	–		-697	**-113,148**
Other income	–	–	–	–	–	–	–	**–**
Operating expenses	–	–	–	-48,392	–	–	–	**-48,392**
Net profit/loss from associates	–	–	16,618	–	–	–	–	**16,618**
Other losses/gains, net	–	–	–	–	-50	–	–	**-50**
Administrative expenses	-1,936	-1	–	-704	-5,374	-3,349	-500	**-11,863**
Operating result	**-1,936**	**-13,358**	**16,618**	**130,641**	**-5,424**	**-3,349**	**-1,197**	**121,995**
Total financial items								**1,466**
Result before tax								**123,461**
Income tax								-66
Result for the period								**123,395**

	Group income statement Jan–Jun 2013							
TSEK	**Dubai**	**France**	**Lithuania**	**Oman**	**Sweden**	**Switzerland**	**Other**	**Total**
Net sales	–	–	–	256,559	–	–	–	256,559
Depreciation, depletion and amortisation	-61	–	–	-60,309	-31	-290	–	-60,692
Exploration costs	–	-829	–	–	–	–	-41	-870
Other income	–	–	–	65,034	–	–	–	65,034
Operating expenses	–	–	–	-73,182	–	–	–	-73,182
Net profit/loss from associates	–	–	3,419	–	–	–	–	3,419
Other losses/gains, net	–	–	–	–	-10	–	–	-10
Administrative expenses	-2,341	-1	–	-1,183	-12,418	-1,023	-100	17,066
Operating result	**-2,402**	**-830**	**3,419**	**186,920**	**-12,459**	**-1,314**	**-142**	**173,191**
Total financial items								**-29,389**
Result before tax								**143,802**
Income tax								-52
Result for the period								**143,750**

Note 4, Oil and gas properties

Country	Licence name	Phase	Expiration date	Remaining licence commitments	Tethys Oil, %	Partners (operator in bold)
Oman	Block 15	Exploration	Oct 2014	None	40%	**Odin Energy**, Tethys Oil
Oman	Block 3 & 4	Production	Jul 2040	None	30%	**CCED**, Mitsui, Tethys Oil
France	Attila	Exploration	2015[3]	None	40%	**Galli Coz**, Tethys Oil
France	Alès	Exploration	2015	MUSD 1.5[4]	37.5%	**Tethys Oil**, MouvOil
Sweden	Gotland Större, Mindre	Exploration	Dec 2013	None	100%	**Tethys Oil**
Lithuania	Gargzdai[5]	Production	No expiration date	None	25%	**Odin**, GeoNafta, Tethys Oil
Lithuania	Rietavas[5]	Exploration	Sep 2017	MLTL 6.2	14%	**Chevron**, Odin, Tethys Oil, private investors
Lithuania	Raseiniai[5]	Exploration	Sep 2017	MLTL 6.6	26%	**Odin**, Tethys Oil, private investors

TSEK	30 Jun 2013	31 Dec 2012
Producing cost pools	949,224	889,970
Non-producing cost pools	42,385	29,553
Total	**991,609**	**919,523**

TSEK Country	Asset type	Book value 31 Dec 2012	Other non-cash adjustments 1 Jan–31 Dec 2012	Currency exchange diff 1 Jan–31 Dec	DD&A[6] 1 Jan–31 Dec 2012	Exploration costs 1 Jan–31 Dec 2012	Investments 1 Jan–31 Dec 2012	Book value 1 Jan 2012
Oman Blocks 3 & 4	Producing	889,970	26,428	-17,062	-54,508	–	860,646	74,466
Oman Block 15	Non-producing	26,943	–	930	–	-98,223	10,565	113,671
France Attila	Non-producing	–	–	–	–	-10,118	401	9,717
France Alés	Non-producing	–	–	–	–	-7,546	1,620	5,764
Sweden Gotland	Non-producing	2,397	–	–	–	–	197	2,200
New ventures	Non-producing	290	–	–	–	-1,633	1,249	833
Total		**919,523**	**26,428**	**-16,132**	**-54,508**	**-117,520**	**874,604**	**206,651**

TSEK Country	Asset type	Book value 30 Jun 2013	Other non-cash adjustments 1 Jan–30 Jun 2013	Currency exchange diff 1 Jan–30 Jun	DD&A[6] 1 Jan–30 Jun 2013	Exploration costs 1 Jan–30 Jun 2013	Investments 1 Jan–30 Jun 2013	Book value 1 Jan 2013
Oman Block 3 & 4	Producing	949,224	-644	-21,717	-60,300	–	143,053	889,970
Oman Block 15	Non-producing	38,752	–	-871	–	–	12,680	26,943
France Attila	Non-producing	–	–	–	–	-648	648	–
France Alès	Non-producing	–	–	–	–	-181	181	–
Sweden Gotland	Non-producing	2,397	–	–	–	–	–	2,397
New ventures	Non-producing	1,236	–	–	–	-41	1,063	290
Total		**991,609**	**-644**	**-22,588**	**-60,300**	**-870**	**157,625**	**919,523**

3 In accordance with the licence terms, Tethys Oil has in connection with the licence extension filed a mandatory application of relinquishment of part of the licence which is still pending approval from French authorities.

4 Tethys Oil has a commitment towards the partner MouvOil and the French authorities to pay for seismic and drilling. The work is estimated to amount to MUSD 1.5.

5 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding 100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under Shares in associated companies. Regarding licences Rietavas and Raseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 30 June 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raseiniai respectively.

6 Depletion, depreciation and amortisation

7 Other non cash related items regard provision for site restoration.

Note 5) Operating expenses

Operating expenditures	**Group**				
TSEK	**1 Jan 2013–30 Jun 2013 6 months**	**1 Apr 2013–30 Jun 2013 3 months**	**1 Jan 2012–30 Jun 2012 6 months**	**1 Apr 2012–30 Jun 2012 3 months**	**1 Jan 2012–31 Dec 2012 12 months**
General & Administrative	-7,064	-7,064	-3,591	-3,591	-14,641
Production cost Early Production Facilities	–	–	-15,756	-15,756	-44,869
Production cost Permanent Production Facilities	-14,726	-14,726	–	–	-11,409
Well workovers	-7,865	-7,865	–	–	-1,690
Over- / Underlift	1,942	18,370	35	-2,153	-452
Other	-3,138	-3,138	-3,756	-3,756	-10,165
Accruals	-28,944	-2,145	-25,323	-2,991	-12,292
Transferred costs from previous year	-13,386	-40	–	–	–
Total	**-73,182**	**-16,608**	**-48,392**	**-28,247**	**-95,518**

Note 6) Other income

In accordance with the farmout agreement with Mitsui from 2010, Tethys Oil received from Mitsui a bonus amounting to MSEK 65 (MUSD 10) as commercial production exceeded 10,000 bopd for 30 consecutive days and following the approval of the Field Development Plan ("FDP") December 2012. The bonus was received during the first quarter 2013.

Parts of the administrative expenses in Tethys Oil are charged to oil and gas projects where the expenditures are capitalised. In case of Tethys Oil being the operator, these administrative expenditures are, through the above, also funded by the partners. The chargeout to the projects where Tethys Oil is operator is presented in the consolidated income statement as *Other income*. All other internal chargeouts are eliminated in the consolidated financial statements.

Note 7) Associates

Tethys Oil holds an indirect interest of three Lithuanian companies holding three licences; Gargzdai, Rietavas and Raseiniai licences. The interest is held through two Danish private companies part of the Odin Group of companies, Odin Energi and Jylland Olie. The table below presents the ownership and the result from associates for first six months 2013. There was no result from associates for the equivalent period last year.

Tethys Oil AB		**Ownership**		**Ownership**		**Ownership**
					Jylland Olie	42%
	Odin Energi	50%	Jylland Olie	42%[8]	UAB TAN Oil	50%
	UAB Minijos Nafta	50%	UAB TAN Oil	50%	UAB LL Investicos	50%
	Gargzdai licence	**100%**	**Raseiniai licence**	**100%**	**Rietavas licence**	**100%**
Tethys Oil's indirect interest		**25%**		**21%[8]**		**11%[8]**

Tethys Oil's share of profit loss from associates

TSEK	**1 Jan–30 Jun 2013**	**1 Jan–30 Jun 2013**	**1 Jan–30 Jun 2013**
Gross revenue	18,818	–	–
Royalty	-2,004	–	–
Net revenue	**16,814**	**–**	**–**
Depreciation	-2,999	–	–
Appraisal/development costs	-543	–	–
Operating expenditures	-7,739	–	–
Administrative expenditures in Lithuanian company	-1,443	-309	–
Operating result	**4,091**	**-309**	**–**
Financial income	22	1,487	–
Financial expenditures	-116	-1,153	–
Profit before tax	**3,997**	**25**	**–**
Tax	-600	-4	–
Tethys share of net profit from associates	**3,397**	**22**	**–**

Total share of net profit from associates	**3,419**

8 Tethys Oil's interest in Jylland Olie amounts as per 30 June 2013 to 42 per cent but will after a reconstruction of Jylland Olie amount to 40 per cent.
Tethys Oil's interest in Rietavas and Raseiniai licences are undergoing a reconstruction. Indirect interests of 14 respectively 26 per cent are expected after the reconstruction has been effectuated. The indirect interests as per 30 June 2013 are 11 respectively 21 per cent in Rietavas and Raseiniai licences.

Note 8) Shareholders' equity

As per 30 June 2013, the number of outstanding shares in Tethys Oil amounts to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (SEK 0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

Note 9) Non current liabilities

In September 2012, Tethys Oil issued a secured three-year bond loan of TSEK 400,000. The bonds were issued at 100 per cent of the nominal value and run with a fixed interest rate of 9.50 per cent per year. The maturity date of the bonds is 7 September 2015. The bonds are listed on NASDAQ OMX Stockholm. The transaction costs amounted to TSEK 12,447 and are depreciated during the maturity time of the bond. Non current liabilities amounted at 30 June 2013 to TSEK 390,935 (–).

Note 10) Provisions

Tethys Oil estimates that Tethys Oil's share of site restoration regarding Block 3 & 4 amounts to TSEK 28,081 (TSEK 28,279). As a consequence of this provision, oil and gas properties have increased with an equal amount.

Note 11) Pledged assets

As per 30 June 2013, pledged assets amounted to TSEK 797,263 (TSEK 625,683). Pledged assets are a continuing security with regard to the bonds where Tethys Oil has entered into a pledge agreement. The pledge relates to all shares in the subsidiary Tethys Oil Block 3&4 Ltd for the benefit of the bond holders and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd.

Note 12) Contingent liabilities

There are no remaining outstanding contingent liabilities as per 30 June 2013. As per 31 December contingent liabilities amounted to TSEK 15,648. The background for the contingent liability as per 31 December 2012 was an agreement between Tethys Oil and Mitsui from 2010, whereby Mitsui undertook to fund Tethys Oil's share of non exploration related capital expenditure up to MUSD 60 on Blocks 3 and 4 effectively from 1 January 2010. As per 31 December 2011, Mitsui had fulfilled the undertaking and started during the first quarter 2012 to recover the MUSD 60 paid on behalf of Tethys Oil from the proceeds of Tethys Oil's share of cost recovery production entitlement. During the full year 2012, Mitsui received MUSD 58 from Tethys Oil's cost recovery. The remaining MUSD 2 was recovered by Mitsui during the first quarter 2013, which is why there are no outstanding contingent liabilities as per 30 June 2013.

Note 13) Related party transaction

During the first quarter 2013, Tethys Oil Suisse S.A., a wholly owned subsidiary of Tethys Oil AB, has paid rent to Mrs Mona Hamilton amounting to CHF 44,000. Mrs. Mona Hamilton is the wife of Vincent Hamilton, the Chairman of Tethys Oil. The rent of office space is a commercially based agreement between Tethys Oil Suisse S.A. and Mrs. Mona Hamilton. The office rental agreement was cancelled as per 31 December 2012.

Key ratios

Group	1 Jan 2013–30 Jun 2013 6 months	1 Apr 2013–30 Jun 2013 3 months	1 Jan 2012–30 Jun 2012 6 months	1 Apr 2012–30 Jun 2012 3 months	1 Jan 2012–31 Dec 2012 12 months
Items regarding the income statement and balance sheet					
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	173,191	49,115	121,995	12,668	336,300
Operating margin, %	67.51%	44.52%	40.87%	8.24%	57.59%
Result before tax, TSEK	143,802	39,251	123,462	15,232	314,175
Net result, TSEK	143,750	39,222	123,395	15,205	313,962
Net margin, %	56.03%	35.55%	41.34%	9.89%	53.76%
Shareholders' equity, TSEK	989,746	989,746	405,039	558,709	860,122
Balance sheet total, TSEK	1,453,535	1,453,535	408,068	644,498	1,374,237
Capital structure					
Solvency, %	68.09%	68.09%	99.26%	86.69%	62.59%
Leverage ratio, %	15.56%	15.56%	n.a.	n.a.	16.37%
Adjusted equity ratio, %	68.09%	68.09%	99.26%	86.69%	62.59%
Interest coverage ratio, %	137.99%	137.99%	n.a.	n.a.	190.16%
Investments, TSEK	148,929	113,525	442,441	232,444	875,301
Profitability					
Return on shareholders' equity, %	14.52%	3.96%	30.47%	2.72%	36.50%
Return on capital employed, %	10.20%	2.78%	30.24%	2.36%	24.58%
Key figures per employee					
Average number of employees	19	19	17	17	19
Number of shares					
Dividend per share, SEK	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow used in operations per share, SEK	3.97	2.23	8.31	2.68	15.37
Number of shares on balance day, thousands	35,544	35,544	35,544	35,544	35,544
Shareholders' equity per share, SEK	27.85	27.85	11.40	15.72	24.20
Weighted number of shares on balance day, thousands	35,544	35,544	32,945	32,945	34,465
Earnings per share, SEK	4.04	1.10	3.75	0.46	9.11
Earnings per share after dilution, SEK	4.04	1.10	3.75	0.46	9.11

For definitions of key ratios please refer to the 2012 Annual Report.
The abbreviation n.a. means not applicable.

Financial information

The Company plans to publish the following financial reports:
Nine month report 2013 (January–September 2013) on 12 November 2013
Year end report 2013 (January–December 2013) on 14 February 2014
Three month report 2014 (January–March 2014) on 6 May 2014
Six month report 2014 (January–June 2014) on 19 August 2014

Board Assurance

The Board of Directors and the Managing Director certify that the half year report gives a fair review of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 20 August 2013
Tethys Oil AB (publ)
Org. No. 556615-8266

Vincent Hamilton *Chairman of the Board*	**Per Brilioth** *Director*	**Staffan Knafve** *Director*
Magnus Nordin *Managing Director*	**Jan Risberg** *Director*	**Katherine Støvring** *Director*

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