



First quarter report 2015

- New production record during first quarter 2015. Average daily production is up 4 per cent quarter on quarter. Total production amounted to 784,207 barrels corresponding to 8,714 barrels per day
- First quarter 2015 net sales of MSEK 163 compared to MSEK 310 in the fourth quarter 2014, a decrease with 47 per cent quarter on quarter. The sales decrease is due to both a movement from over to underlift position of more than 90,000 barrels and lower achieved oil price
- Net cash position of MSEK 371 as per 31 March 2015 compared to MSEK 347 as per 31 December 2014. The currency exchange effect on cash and cash equivalents amounted during the first quarter 2015 to MSEK 44, which has positively affected net result
- Net result after tax during first quarter 2015 amounted to MSEK 39. The result is up 116 per cent compared to MSEK 18 during fourth quarter 2014. The result for the fourth quarter 2014 was negatively affected by write downs of MSEK 127
- First quarter 2015 earnings per share before and after dilution amounted to SEK 1.11 compared to SEK 0.51 during fourth quarter 2014
- Board of directors propose to the AGM 2015 a distribution to shareholders of SEK 3.00 per share

| MSEK (unless specifically stated) | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 | % Q1 2015 to Q4 2014 |
|--|--------------------|---------------------|--------------------|----------------------|
| Production, before government take (bbl) | 784,207 | 768,226 | 608,582 | 2% |
| Average daily production, before government take (bbl) | 8,714 | 8,350 | 6,762 | 4% |
| Net sales, after government take (bbl) | 308,892 | 434,035 | 280,782 | -29% |
| Average selling price per barrel, USD | 63.80 | 97.09 | 106.56 | -34% |
| Net sales of oil and gas | 163 | 310 | 195 | -47% |
| EBITDA | 76 | 200 | 130 | -62% |
| Operating result | 13 | 14 | 83 | -7% |
| Result for the period | 39 | 18 | 58 | 117% |
| Earnings per share before and after dilution, SEK | 1.11 | 0.51 | 1.62 | 118% |
| Net debt/(net cash) | (371) | (347) | 60 | 7% |
| Investments | 131 | 101 | 45 | 30% |

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 has exploration and production assets onshore Lithuania and France.

The shares are listed on Nasdaq Stockholm (TETY).

Dear Friends and Investors

The first quarter 2015 is, as expected following the fall in oil prices, considerably weaker than previous quarters. But we are happy to report that Tethys remains profitable. Our sales in the first quarter 2015 amounted to MSEK 163. Our EBITDA amounted to MSEK 76 and our net result amounted to MSEK 39.

During the quarter 2015, we continued to invest heavily in Blocks 3 and 4. Total investments of MSEK 130 were made in wells, seismic studies and infrastructure. Drilling activity increased markedly, and eleven wells were completed in the first quarter. And at least so far this year, production has responded very well to our investments. We reported a new quarterly production record of 8,714 barrels of oil per day for the first quarter and March showed the highest production we ever had in one month with our share of production from Blocks 3 and 4 amounting to 9,154 barrels of oil per day.

Our strong cash position, which at the end of the first quarter stood at MSEK 400, corresponding to more than SEK 11 per share, and our financial and operational numbers for the first quarter suggest that Tethys must be one of the financially strongest oil companies of our peer group. We have a solid balance sheet, also after the proposed distribution to shareholders of SEK 3 per share. Our large pile of cash and untapped credit line of up to MUSD 100, give ample room for continued investments as well as for other opportunities and/or further distributions to shareholders.

Outlook

Looking forward, indications are that we may have seen the bottom of the oil price. Volatility has dropped dramatically the last couple of months. We are currently seeing Brent trading at well over USD 60 per barrel. A price level that we are quite comfortable with!

We expect drilling activity to remain at a high level also going forward. New rigs have been contracted and are expected to start work later this summer bringing us to a total of five rigs in operation. We believe that our oil production will continue to increase in 2015, but we expect the monthly production numbers to fluctuate.

Leaving the deserts of Oman and looking across the Baltic Sea to Lithuania, the production on the Gargzdai licence is currently cash flow positive, even if barely so. In the near term, we have higher hopes for the Raseiniai licence further to the east, where the exploration programme will enter the drilling phase later this quarter.

So stay with us - we are in a strong position and we intend to strengthen it further! And remember, an oil price of USD 60 per barrel is not a bad price. At least not for us!

Stockholm in May 2015

Magnus Nordin
Managing director

FINANCIAL AND OPERATIONAL REVIEW¹

Production, reserves and net sales

Production

Tethys Oil's primary production area is the Sultanate of Oman where the company has a 30 per cent interest in an onshore producing licence, Blocks 3 and 4. Through an indirect interest of 25 per cent of the Gargzdai licence in Lithuania, Tethys Oil has supplemental production.

Production from Blocks 3 and 4 onshore Oman derives from three fields - the Farha South, Shahd and Saiwan East oil fields. The production development has mainly been driven by continued implementation of the water injection programme on Farha South and from the successful exploration and appraisal results on the Shahd oil field. Production from Oman accounts for 99 per cent of total production.

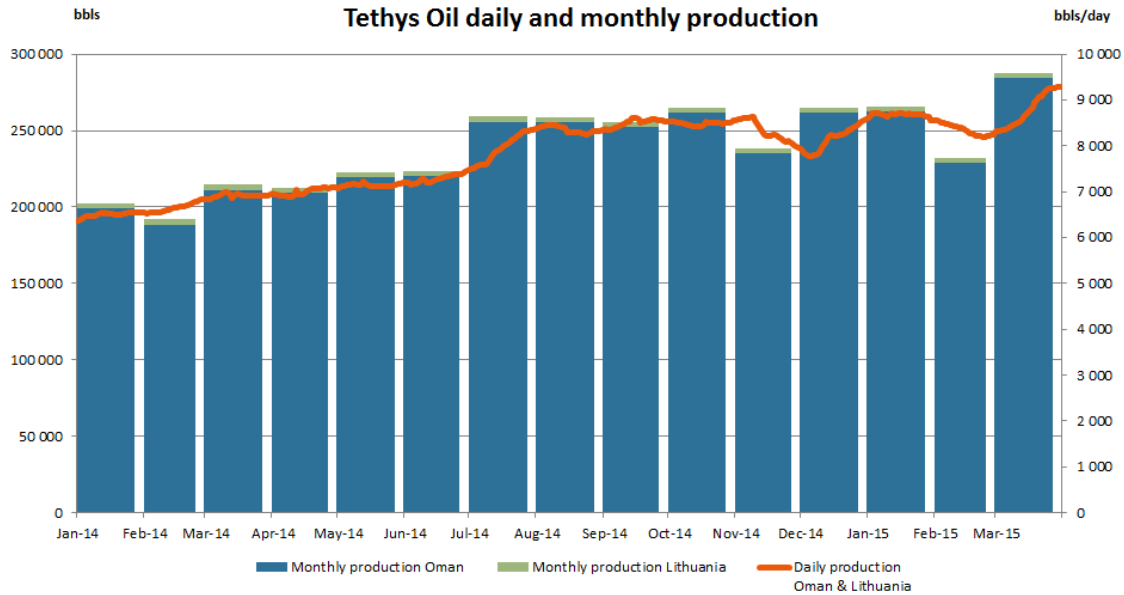
During the first quarter 2015, the Blocks 3 and 4 Joint Venture's share of production has continued to be 52 per cent of total production, which is the highest possible share of production according to the terms of the EPSA. Tethys Oil's share of the Joint Venture is 30 per cent. For further information regarding Tethys Oil's share of production, please refer to the Annual Report 2014. 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 31 March 2015, net to Tethys Oil, amounts to MUSD 53.

Production from the Gargzdai licence in western Lithuania has during the first quarter been in line with previous quarters. Tethys Oil's interest in Gargzdai is held indirectly through Odin Energi A/S, an associated Danish company.

| Quarterly volumes, before government take | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|--|----------------|----------------|----------------|----------------|----------------|
| Tethys' share of quarterly production, (bbl) | | | | | |
| Oman, Blocks 3&4 | | | | | |
| Production | 774,315 | 757,730 | 762,375 | 647,569 | 597,979 |
| Average daily production | 8,604 | 8,236 | 8,287 | 7,116 | 6,644 |
| Lithuania, Gargzdai | | | | | |
| Production | 9,892 | 10,496 | 10,347 | 10,554 | 10,603 |
| Average daily production | 110 | 114 | 112 | 116 | 118 |
| Total production | 784,207 | 768,226 | 772,722 | 658,123 | 608,582 |
| Total average daily production | 8,714 | 8,350 | 8,399 | 7,232 | 6,762 |

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 first quarter 2015. Segments of the Group are geographical markets. The numbers in the tables in this report may not add exactly due to rounding.

Average daily and cumulative monthly production net before government take to Tethys Oil during 2014 and 2015



Net sales

During the first quarter 2015, Tethys Oil sold 308,892 barrels of oil after government take from Block 3 and 4 in Oman compared to 434,035 barrels during the fourth quarter 2014. This resulted in net sales during the first quarter 2015 of MSEK 163 compared to MSEK 310 during the fourth quarter 2014. The average selling price per barrel amounted to USD 64 per barrel during the first quarter 2015 compared to USD 97 per barrel during the fourth quarter 2014.

The decline in net sales between the first quarter 2015 and the fourth quarter 2014 amounted to 47 per cent. Net sales have primarily been affected by:

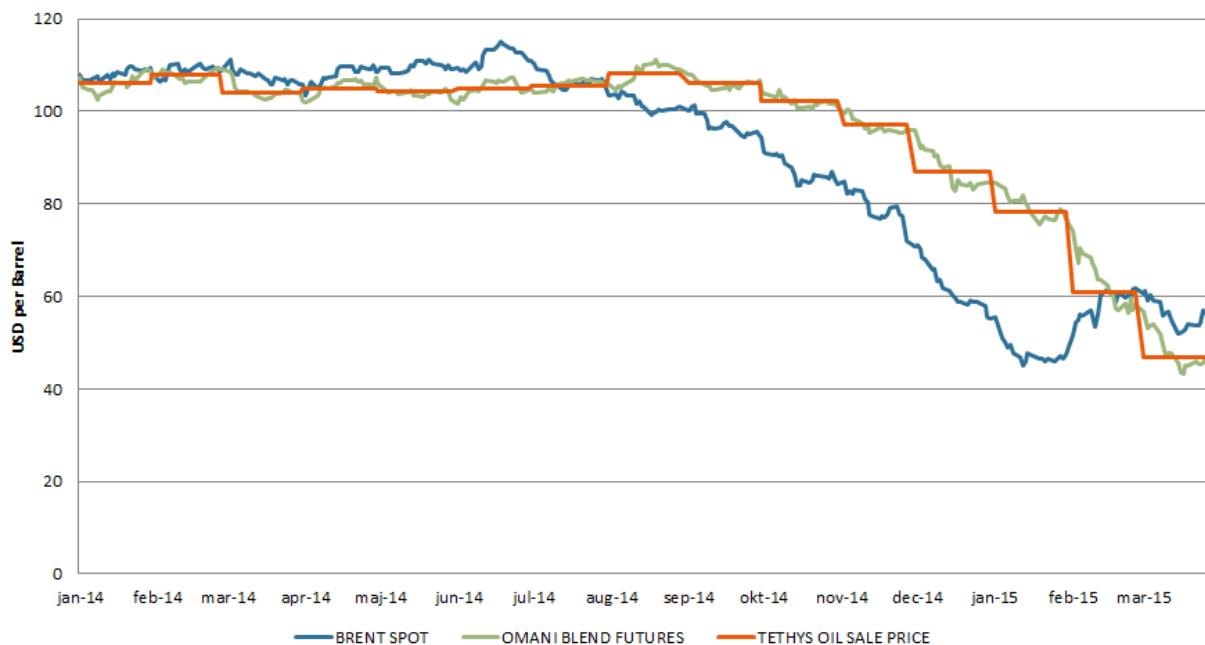
- 29 per cent decline in barrels sold
- 11 per cent strengthening of the US dollar in relation to SEK
- 34 per cent decrease in the achieved oil price

The table below presents the over/underlift development during the last four quarters. The movement from overlift to underlift during the first quarter 2015 has been 93,752 barrels. The movement has been exceptionally large in comparison to the previous quarters.

| Barrels | 31 March 2015 | 31 December 2014 | 30 September 2014 | 30 June 2014 | 31 March 2014 | 31 December 2013 |
|-------------------|---------------|------------------|-------------------|--------------|---------------|------------------|
| Over-/(underlift) | (80,924) | 12,828 | (27,188) | (30,105) | (43,428) | (13,261) |

The selling price received by Tethys Oil is determined for each calendar month based on the monthly average price of the two month future contract of Omani blend (see chart below) as traded on Dubai Mercantile Exchange. During the first quarter 2015, prices have been trading between high levels of USD 84 per barrel and low levels of USD 43 per barrel. First quarter 2015 prices are 34 per cent lower compared to the fourth quarter.

Spot Brent and Omani Blend Futures



Source: EIA, Dubai Mercantile Exchange

Result

Tethys Oil reports a net result after tax for the first quarter 2015 of MSEK 39, representing earnings per share of SEK 1.11. The result for the first quarter 2015 is up 117 per cent compared to the fourth quarter 2014. The result for the fourth quarter was significantly reduced by a write off regarding Lithuanian production licence Gargzdai of MSEK 127 and when compensating for this extraordinary effect, the first quarter 2015 result is down 73 per cent.

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 during the first quarter 2015 amounted to MSEK -4 compared to MSEK -134 during the fourth quarter 2014. The write down of MSEK 127 of the production licence Gargzdai is included in the result from shares in associated companies for the fourth quarter 2014.

Net financial result

The result for the first quarter 2015 has been impacted by net foreign exchange losses and interest on long term debt. The currency exchange effect of the group amounts to MSEK 32 and most of the effect relates to the stronger US dollar in relation to the Swedish krona. Currency translation differences between the parent company and subsidiaries are non-cash related items. Total net financial result amounts to MSEK 26 for the first quarter 2015.

Depletion, depreciation and amortisation

DD&A for the first quarter 2015 amounted to MSEK 63 compared to MSEK 50 for the fourth quarter 2014 and is referable to depletion of oil and gas properties on Blocks 3&4. An increase in reserves following the DeGolyer and MacNaughton reserves audit as per 31 December 2014 has resulted in a decreased rate of depletion per barrel.

Operating expenses

Operating expenses (OPEX) amounted during the first quarter 2015 to MSEK 75 compared to MSEK 102 during the fourth quarter 2014. Operating expenses are related to oil and gas production on Blocks 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 31 March 2015 amounting to 80,924 barrels, the

Operating expenses during the first quarter 2015 have decreased by MSEK 17. For further information regarding OPEX, see note 5.

Based on actual (i.e billed) expenditures received from the operator during 2014, OPEX per barrel is in the range USD 11 - 15 per barrel. Of these costs, around 50-60 per cent is field related production costs, i.e excluding costs for work over rigs, office costs etc.

Administrative expenses

Administrative expenses amounted to MSEK -9 for the first quarter 2015 compared to MSEK -8 during the fourth quarter 2014. Administrative expenses are mainly salaries, rents, listing costs and external services.

Investments and work program

Omani assets

During the first quarter 2015, total investments amounted to MSEK 130 of which almost all relate to Blocks 3 and 4.

During the first quarter 2015, a total of eleven wells were completed on Blocks 3 and 4. Two production wells were drilled on producing fault blocks in the Farha South field on Block 3. One well was drilled in a previously undrilled fault block along the Farha trend. The well did not encounter oil. One water injection well was also drilled on the Farha South field.

The appraisal/development of the Shahd oil field on Block 4 (previously named the Lower Buah area) has continued with five new appraisal/production wells. All wells encountered oil and have been put in production. One well was drilled in a previously undrilled structure on the Shahd oil field. The well discovered oil and has been put into production.

In the south western part of Block 4, in the B4 West 3D area, an exploration well was completed in the first quarter 2015. The well did not encounter oil and has been suspended to allow for further study. Once the results from the well have been evaluated, the area will be assessed also for other well locations.

The 3D seismic survey in the northwest corner of Block 4 is still ongoing.

The evaluation of the water injection programme on the Shahd oil field continues. A first water injection well was drilled in the fourth quarter, and the impact of this injection well on the production is being measured. The facilities on the Farha South field have been increased with a third separator. Four rigs and a work over rig are expected to be in operation around the end of the second quarter 2015.

Discussions regarding the future of Block 15 are ongoing.

Summary of oil and gas interests (MSEK):

| Country | Licence name | Tethys Oil, % | Total area, km ² | Partners (operator in bold) | Book value 31 Mar 2015 | Book value 31 Dec 2014 | Investments Jan-Mar 2015 |
|---------------------|------------------------|---------------|-----------------------------|-------------------------------|------------------------|------------------------|--------------------------|
| Oman | Block 3,4 | 30% | 34,610 | CCED , Mitsui | 1,537 | 1,296 | 130 |
| Oman | Block 15 | 40% | 1,389 | Odin Energy | 8 | 7 | 0 |
| Lithuania | Gargzdai ² | 25% | 884 | Odin, GeoNafta | - | - | - |
| Lithuania | Rietavas ² | 30% | 1,594 | Odin, private investors | - | - | - |
| Lithuania | Raseiniai ² | 30% | 1,535 | Odin, private investors | - | - | - |
| France | Alès | 37.5 | 215 | MouvOil | 0 | - | 0 |
| France | Attila | 40% | 1,986 | Galli Coz , Tethys Oil | 0 | - | 0 |
| New ventures | | | | | - | - | - |
| Total | | | 42,794 | | 1,546 | 1,303 | 131 |

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.

Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK 170, which are not cash related items and therefore not included in investments. For more information please see above under *Result – Net financial result*.

Lithuanian 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 8. As per 31 March 2015 the book value of the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 36.

Tethys Oil's share of net profit during the first quarter 2015 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK -4 compared to MSEK -134 during fourth quarter 2014.

During the first quarter 2015, Tethys Oil's indirect share of barrels sold was 9,884 barrels which were sold at an average price of USD 55 per barrel, compared to 10,461 barrels at an average price of USD 90 per barrel during the fourth quarter 2014.

In the Raseiniai licence, permissions have been granted for the three planned wells targeting the Silurian reefs. The wells, Bedugnis-1, Logupis-1 and Tidikas-1, are planned to be drilled back to back. A rig has been contracted and drilling operations are expected to start in June 2015.

In the Rietavas licence, the 30 square kilometres 3D survey which commenced in December has completed. An additional 15 kilometres of 2D seismic was shot across the possible fault related linear anomaly seen from the recent gravity survey. Seismic processing and interpretation is expected to take a couple of months.

Liquidity cash flow and financing

Net cash position as per 31 March 2015 amounted to MSEK 371 compared to a net cash position of MSEK 347 as per 31 December 2014.

The Blocks 3 and 4 investment budget 2015 is expected to have an increased focus on drilling. Following the oil price development, Tethys Oil's investment plans for 2015 are being adjusted. It is expected that investments on the Blocks will be covered by cash flow from operations.

Tethys Oil's cash flow from Blocks 3 and 4 is the net of cash calls paid to the partnership and income received from the company's oil sales. The inflow and outflow of cash is occurring on a monthly basis and the outflow of cash regards both opex and capex. During the first quarter 2015 this net cash flow was marginally positive at around MSEK 2.5. The significant increase in underlift have affected this net cash flow negatively by around MSEK 40. In addition to the Blocks 3 and 4 cash flow there is outflow of cash with regard to administrative expenditures and payments in the share buy-back programme. Net cash flow during the first quarter 2015 was MSEK -15.

Tethys Oil's operations in Lithuania are expected to be self-financed from oil production from the Gargzdai licence and available cash in the associated Lithuanian companies.

A large part of cash and cash equivalents are held in USD which has appreciated against SEK during the first quarter. The currency exchange effect on cash and cash equivalents amounted during the first quarter 2015 to MSEK 44.

Parent company

The Parent company reports a net result after tax for the first quarter 2015 amounting to MSEK 22 compared to MSEK 211 for the fourth quarter 2014. Administrative expenses amounted to MSEK -6 for the first quarter 2015 compared to MSEK -5 for the fourth quarter 2014. Net financial profit amounted to MSEK 30 during the first quarter 2015 compared to MSEK 340 for the fourth quarter 2014.

Share data

As per 31 March 2015, the number of outstanding shares in Tethys Oil amount to 35,543,750, with a quota value of SEK 0.17. All shares represent one vote each. Tethys Oil does not have any incentive program for employees. There has been no change in the number of outstanding shares since 31 December 2014.

As per 31 March 2015, Tethys Oil held 352,060 of its own shares which were purchased during the fourth quarter 2014 and first quarter 2015 at an average price of SEK 67. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,191,690.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 16.

Dividend

The board of directors³ has resolved to propose to the annual general meeting a cash dividend of SEK 1.00 per share and a mandatory share redemption procedure, whereby every share is split into one ordinary share and one redemption share. The redemption share is then automatically redeemed at SEK 2.00 per share. This corresponds to a total distribution to shareholders of SEK 3.00 per share amounting to SEK 105,575,070.

The dividend and share redemption are subject to approval at the annual general meeting 2015, which will be held on 13 May 2015.

³ Staffan Knafve and Jan Risberg did not participate in the decision.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

| MSEK | Note | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|--|------|-----------------------|------------------------|-----------------------|
| Net sales of oil and gas | | 163 | 310 | 195 |
| Depletion, depreciation and amortisation | | -63 | -50 | -48 |
| Exploration costs | 4 | 0 | -1 | - |
| Other income | 6 | 0 | 0 | - |
| Operating expenses | 5 | -75 | -102 | -59 |
| Net result from associates | 7 | -4 | -134 | 1 |
| Other losses/gains, net | | 0 | 0 | - |
| Administrative expenses | | -9 | -8 | -6 |
| Operating result | | 13 | 14 | 83 |
| Financial income and similar items | | 32 | 19 | - |
| Financial expenses and similar items | 9 | -5 | -15 | -25 |
| Net financial loss/profit | | 26 | 4 | -25 |
| Result before tax | | 39 | 18 | 58 |
| Income tax | | - | 0 | - |
| Result for the period | | 39 | 18 | 58 |
| Other comprehensive result | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Currency translation differences | | 177 | 131 | -31 |
| Other comprehensive result for the period | | 177 | 131 | -31 |
| Total comprehensive result for the period | | 216 | 149 | 26 |
| Number of shares outstanding | | 35,543,750 | 35,543,750 | 35,543,750 |
| Number of shares outstanding (after dilution) | | 35,543,750 | 35,543,750 | 35,543,750 |
| Weighted number of shares | | 35,194,986 | 35,466,648 | 35,543,750 |
| Earnings per share, SEK | | 1.11 | 0.51 | 1.62 |
| Earnings per share (after dilution), SEK | | 1.11 | 0.51 | 1.62 |

CONSOLIDATED BALANCE SHEET IN SUMMARY

| MSEK | Note | 31 Mar 2015 | 31 Dec 2014 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non current assets | | | |
| Oil and gas properties | 4 | 1,546 | 1,303 |
| Office equipment | | 1 | 1 |
| Investment in associates | 7 | 36 | 41 |
| | | 1,584 | 1,345 |
| Current assets | | | |
| Other receivables | | 56 | 80 |
| Prepaid expenses | | 20 | 19 |
| Cash and cash equivalents | | 400 | 372 |
| | | 477 | 471 |
| TOTAL ASSETS | | 2,061 | 1,816 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | | 6 | 6 |
| Additional paid in capital | | 552 | 552 |
| Other reserves | | 372 | 198 |
| Retained earnings | | 958 | 919 |
| Total shareholders' equity | 8 | 1,888 | 1,675 |
| Non current liabilities | | | |
| Loan facility | | - | - |
| Provisions | 10 | 29 | 25 |
| | | 29 | 25 |
| Current liabilities | | | |
| Accounts payable | | 1 | 2 |
| Other current liabilities | | 143 | 110 |
| Accrued expenses | | 1 | 2 |
| | | 144 | 115 |
| Total liabilities | | 173 | 141 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 2,061 | 1,816 |
| Pledged assets | 11 | 1,654 | 1,789 |
| Contingent liabilities | 12 | - | - |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

| MSEK | Share Capital | Paid in Capital | Other Reserves | Retained Earnings | Total Equity |
|--|------------------|--------------------|-------------------|----------------------|-----------------|
| Opening balance 1 January 2014 | 6 | 552 | -27 | 569 | 1,100 |
| Comprehensive income | | | | | |
| Result for the first quarter 2014 | - | - | - | 58 | 58 |
| Result for the second quarter 2014 | - | - | - | 107 | 107 |
| Result for the third quarter 2014 | - | - | - | 167 | 167 |
| Result for the fourth quarter 2014 | - | - | - | 18 | 18 |
| Year end result | - | - | - | 350 | 350 |
| Other Comprehensive income | | | | | |
| Currency translation differences first quarter 2014 | - | - | -31 | - | -31 |
| Currency translation differences second quarter 2014 | - | - | 50 | - | 50 |
| Currency translation differences third quarter 2014 | - | - | 95 | - | 95 |
| Currency translation differences fourth quarter 2014 | - | - | 131 | - | 131 |
| Total other comprehensive income | - | - | 245 | - | 245 |
| Total comprehensive income | - | - | 219 | 919 | 1,696 |
| Transactions with owners | | | | | |
| Purchase of own shares | - | - | -20 | - | -20 |
| Total transactions with owners | - | - | -20 | - | -20 |
| Closing balance 31 December 2014 | 6 | 552 | 198 | 919 | 1,675 |
| Opening balance 1 January 2015 | 6 | 552 | 198 | 919 | 1,675 |
| Comprehensive income | | | | | |
| Result for the first quarter 2015 | - | - | - | 39 | 39 |
| Period result | - | - | - | 39 | 39 |
| Other Comprehensive income | | | | | |
| Currency translation differences first quarter 2015 | - | - | 177 | - | 177 |
| Total other comprehensive income | - | - | 177 | - | 177 |
| Total comprehensive income | - | - | 177 | 39 | 216 |
| Transactions with owners | | | | | |
| Purchase of own shares | - | - | -3 | - | -3 |
| Total transactions with owners | - | - | -3 | - | -3 |
| Closing balance 31 March 2015 | 6 | 552 | 372 | 958 | 1,888 |

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

| MSEK | Note | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|---|------|-----------------------|------------------------|-----------------------|
| Cash flow from operations | | | | |
| Operating result | | 13 | 14 | 83 |
| Interest received | | 0 | 0 | - |
| Interest paid | 9 | -3 | -2 | -19 |
| Income tax | | 0 | - | 0 |
| Adjustment for exploration costs | 4 | 0 | 1 | 0 |
| Adjustment for depletion, depreciation and other non cash related items | 4,8 | 63 | 158 | 47 |
| Total cash flow from operations before change in working capital | | 72 | 171 | 111 |
| Change in receivables | | 22 | 35 | -31 |
| Change in liabilities | | 25 | 39 | 44 |
| Cash flow from operations | | 119 | 245 | 124 |
| Investment activity | | | | |
| Investment in oil and gas properties | 4 | -131 | -100 | -45 |
| Investment in other fixed assets | | - | - | 1 |
| Cash flow from investment activity | | -131 | -101 | -45 |
| Financing activity | | | | |
| Purchase of own shares | | -3 | -19 | - |
| Long term credit facility | | - | -1 | - |
| Gain on derivative instruments | | - | 14 | - |
| Cash flow from financing activity | | -3 | -6 | - |
| Period cash flow | | -15 | 138 | 80 |
| | | | | |
| Cash and cash equivalents at the beginning of the period | | 372 | 194 | 295 |
| Exchange gains/losses on cash and cash equivalents | | 44 | 40 | -12 |
| Cash and cash equivalents at the end of the period | | 400 | 372 | 363 |

PARENT COMPANY INCOME STATEMENT IN SUMMARY

| MSEK | Note | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|---|------|-----------------------|------------------------|-----------------------|
| Net sales of oil and gas | | - | - | - |
| Depletion, depreciation and amortisation | | - | 8 | -0 |
| Other income | | 2 | 2 | 2 |
| Net result of associates | 7 | -4 | -134 | 1 |
| Other losses/gains, net | | - | - | -0 |
| Administrative expenses | | -6 | -5 | -4 |
| Operating result | | -8 | -129 | -1 |
| Financial income and similar items | | 30 | 352 | 4 |
| Financial expenses and similar items | 9 | - | -10 | -24 |
| Write down of shares in group company | | - | -1 | -0 |
| Net financial result | | 30 | 340 | -20 |
| Result before tax | | 22 | 211 | -21 |
| Income tax | | - | - | - |
| Result for the period* | | 22 | 211 | -21 |
| Number of shares outstanding | 8 | 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 |
| Weighted number of shares | 8 | 35,194,986 | 35,466,648 | 35,543,750 |

* 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 | Note | 31 Mar 2015 | 31 Dec 2014 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Total non current assets | | 91 | 88 |
| Total current assets | | 237 | 224 |
| TOTAL ASSETS | | 329 | 313 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 8 | 325 | 306 |
| Total non current liabilities | 9 | - | - |
| Total current liabilities | | 3 | 6 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 329 | 313 |
| Pledged assets | 11 | 1 | 1 |
| Contingent liabilities | 12 | - | - |

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY IN SUMMARY

| MSEK | Restricted equity | | Non restricted equity | | Net result | Total Equity |
|---|-------------------|-------------------|-----------------------|-------------------|------------|--------------|
| | Share capital | Statutory Reserve | Share premium Reserve | Retained Earnings | | |
| Opening balance 1 January 2014 | 6 | 71 | 481 | -277 | -103 | 179 |
| Transfer of prior year net result | - | - | - | -103 | 103 | - |
| Comprehensive income | | | | | | |
| Loss for the first quarter 2014 | - | - | - | - | -21 | -21 |
| Loss for the second quarter 2014 | - | - | - | - | -31 | -31 |
| Loss for the third quarter 2014 | - | - | - | - | -11 | -11 |
| Result for the fourth quarter 2014 | - | - | - | - | 211 | 211 |
| Year end result | - | - | - | - | 148 | 148 |
| Total comprehensive income | - | - | - | - | 148 | 148 |
| Transactions with owners | | | | | | |
| Purchase of own shares | - | - | -20 | - | - | -20 |
| Total transactions with owners | - | - | -20 | - | - | -20 |
| Closing balance 31 December 2014 | 6 | 71 | 461 | -379 | 148 | 306 |
| Transfer of prior year net result | - | - | - | 148 | -148 | - |
| Comprehensive income | | | | | | |
| Loss for the first quarter 2015 | - | - | - | - | 22 | 22 |
| Period result | - | - | - | - | 22 | 22 |
| Total comprehensive income | - | - | - | - | 22 | 22 |
| Transactions with owners | | | | | | |
| Purchase of own shares | - | - | -3 | - | - | -3 |
| Total transactions with owners | - | - | -3 | - | - | -3 |
| Closing balance 31 March 2015 | 6 | 71 | 457 | -231 | 22 | 325 |

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 licences in Oman, Lithuania and France.

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

Accounting principles

The first quarter report 2015 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter report 2015 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 as described in the Annual report 2014.

Exchange rates

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

| Currency | 31 March 2015 | | 31 December 2014 | | 31 March 2014 | |
|----------|---------------|-----------------|------------------|-----------------|---------------|-----------------|
| | 2015 Average | 2015 Period end | 2014 Average | 2014 Period end | 2014 Average | 2014 Period end |
| SEK/CHF | 8.74 | 8.69 | 7.53 | 7.91 | 7.31 | 7.30 |
| SEK/EUR | 9.47 | 9.27 | 9.15 | 9.53 | 8.94 | 8.89 |
| SEK/LTL | n.a. | n.a. | 2.64 | 2.70 | 2.59 | 2.57 |
| SEK/USD | 8.29 | 8.74 | 6.88 | 7.77 | 6.51 | 6.38 |

| Effect of currency exchange rates on operating result, MSEK | First quarter 2015 comparison with | |
|---|---------------------------------------|--------------------------|
| | Fourth quarter 2014 | First quarter 2014 |
| Net sales of oil and gas | 16 | 35 |
| Depreciation, depletion and amortization | -6 | -14 |
| Exploration costs | - | - |
| Other income | - | - |
| Operating expenses | -7 | -16 |
| Net profit/loss from associate | - | - |
| Other losses/gains, net | - | - |
| Administrative expenses | 0 | -1 |
| Summary of currency exchange rate effect on operating result | 2 | 5 |

The table above presents the currency exchange effect on operating result compared with the above comparative periods, by applying the average exchange rate on the first quarter 2015.

Fair value

The nominal value of accounts payables, cash and bank and accounts receivables is a fair approximation of those line items.

LAS 39 valuation categories and related balance sheet items

| 31 March 2015 | | | | 31 December 2014 | | | |
|---------------------------|---|-------------------------------------|-------------------|---------------------------|---|-------------------------------------|-------------------|
| MSEK | Financial assets and liabilities at fair value through profit or loss | Other receivables and cash and bank | Other liabilities | MSEK | Financial assets and liabilities at fair value through profit or loss | Other receivables and cash and bank | Other liabilities |
| Other receivables | - | 56 | - | Other receivables | - | 80 | - |
| Cash and bank | - | 400 | - | Cash and bank | - | 372 | - |
| Debt | - | - | - | Debt | - | - | - |
| Accounts payables | - | - | 1 | Accounts payables | - | - | 2 |
| Other current liabilities | - | - | 143 | Other current liabilities | - | - | 110 |

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. There are no hedges as per 31 March 2015.

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 these 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 or finding key personnel.

Financial risk

By operating in several countries, however mainly in Oman, Tethys Oil is exposed to fluctuations in a number of currencies, but in particular US dollars. Income is and will also most likely be denominated in foreign currencies, US dollars in particular. Currently, Tethys Oil's investments are financed by cash flow from operations. The company has historically needed equity finance, debt finance and finance by asset divestments. It cannot be ruled out that additional capital could 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 2014.

Note 2) Net sales of oil and gas

| Net sales | First quarter | Fourth quarter | First quarter |
|--------------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2014 |
| Barrels sold, bbl | 308,892 | 434,035 | 280,782 |
| Net sales, MSEK | 163 | 310 | 195 |
| Oil price, USD/bbl | 64 | 97 | 107 |

Tethys Oil is selling all of its oil through Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3 and 4 Oman and are made on a monthly basis.

Note 4) Oil and gas properties

| Country | Licence name | Phase | Expiration date | Remaining commitments | Tethys Oil | Partners (operator in bold) |
|-----------|------------------------|-------------|--|-----------------------|------------|-----------------------------|
| Oman | Block 15 | Exploration | Expired – licence terms under discussion | None | 40% | Odin Energy |
| Oman | Block 3&4 | Production | Jul 2040 | None | 30% | CCED, Mitsui |
| France | Attila | Exploration | 2015 ⁴ | None | 40% | Galli Coz |
| France | Alès | Exploration | 2015 | MUSD 1.5 ⁵ | 37.5% | MouvOil |
| Lithuania | Gargzdai ⁵ | Production | No expiration date | None | 25% | Odin, GeoNafta |
| Lithuania | Rietavas ⁵ | Exploration | Sep 2017 | MLTL 6.2 | 30% | Odin, private investors |
| Lithuania | Raseiniai ⁶ | Exploration | Sep 2017 | MLTL 6.6 | 30% | Odin, private investors |

| MSEK | 31 Mar 2015 | 31 Dec 2014 |
|-------------------------------------|--------------|--------------|
| Producing cost pools | 1,537 | 1,296 |
| Non-producing cost pools | 8 | 7 |
| Total oil and gas properties | 1,546 | 1,303 |

| MSEK | Asset type | Book value 31 Mar 2015 | Other non – cash adjustments 1 Jan -31 Mar 2015 | Currency exchange diff 1 Jan -31 Mar 2015 | DD&A ⁶ 1 Jan – 31 Mar 2015 | Exploration costs 1 Jan -31 Mar 2015 | Investments 1 Jan -31 Mar 2015 | Book value 1 Jan 2015 |
|----------------|---------------|---------------------------|---|--|---|---|--------------------------------------|--------------------------|
| Country | | | | | | | | |
| Oman Block 3&4 | Producing | 1,537 | - | 169 | -63 | - | 130 | 1,296 |
| Oman Block 15 | Non-producing | 8 | - | 1 | - | - | - | 7 |
| France Attila | Non-producing | 0 | - | - | - | - | 0 | - |
| France Alès | Non-producing | 0 | - | - | - | - | 0 | - |
| New ventures | Non-producing | - | - | - | - | - | - | - |
| Total | | 1,546 | - | 170 | -63 | - | 131 | 1,303 |

| MSEK | Asset type | Book value 31 Dec 2014 | Other non – cash adjustments 1 Jan -31 Dec 2014 | Currency exchange diff 1 Jan -31 Dec 2014 | DD&A ⁶ 1 Jan – 31 Dec 2014 | Exploration costs 1 Jan -31 Dec 2014 | Investments 1 Jan -31 Dec 2014 | Book value 1 Jan 2014 |
|----------------|---------------|---------------------------|---|--|---|---|--------------------------------------|--------------------------|
| Country | | | | | | | | |
| Oman Block 3&4 | Producing | 1,296 | - | 199 | -213 | - | 263 | 1,011 |
| Oman Block 15 | Non-producing | 7 | - | 1 | - | - | 6 | 0 |
| France Attila | Non-producing | - | - | - | - | -1 | 1 | - |
| France Alès | Non-producing | - | - | - | - | - | - | - |
| New ventures | Non-producing | - | - | - | - | - | - | 0 |
| Total | | 1,303 | 36 | 200 | -213 | -1 | 269 | 1,012 |

4 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.

5 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.

6 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.

| Investments Block 3&4, MSEK | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|--|-----------------------|------------------------|-----------------------|
| Drilling - Exploration/Appraisal | 30 | | 12 |
| Drilling – Development | 16 | 17 | 24 |
| G&G | 21 | 39 | 3 |
| Facilities | 15 | 29 | 5 |
| Pipeline | 16 | 18 | 5 |
| Tethys sole cost | 2 | 1 | 1 |
| Other capex | -8 | -16 | -2 |
| Accruals | 39 | -23 | -6 |
| Total Investments Block 3&4 | 130 | 99 | 43 |

| Oil & gas assets Block 3&4 Closing balances, MSEK | 31 Mar 2015 | 31 Dec 2014 |
|--|--------------|--------------|
| Drilling - Exploration/Appraisal | 289 | 231 |
| Drilling – Development | 578 | 500 |
| G&G | 232 | 188 |
| Facilities | 565 | 490 |
| Pipeline | 164 | 132 |
| Mitsui repayment | 200 | 174 |
| Tethys sole cost | 36 | 30 |
| Other capex | 26 | 23 |
| Accruals | 37 | -6 |
| Accumulated depletion | -590 | -466 |
| Total oil and gas properties Block 3&4 | 1,537 | 1,296 |

Note 5) Operating expenses

| Operating expenditures, MSEK | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|--|-----------------------|------------------------|-----------------------|
| General & Administrative | - | 15 | - |
| Production cost Permanent Production Facilities | - | 40 | - |
| Well workovers | - | 11 | - |
| Over- / Underlift | -17 | 10 | -3 |
| Other | - | 3 | - |
| Accruals | 85 | 22 | 48 |
| Transferred costs from previous year | 7 | 0 | 13 |
| Total | 75 | 102 | 59 |

Note 6) Other income

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 as per 31 March 2015.

| Tethys Oil AB | Ownership | Ownership | Ownership |
|---------------------------------------|------------|-------------------|------------|
| Odin Energi | 50% | Jylland Olie | 40% |
| UAB Minijos Nafta | 50% | UAB TAN Oil | 75% |
| Gargzdai licence | 100% | Raseiniai licence | 100% |
| | | UAB LL Investicos | 100% |
| | | Rietavas licence | 100% |
| Tethys Oil's indirect interest | 25% | 30% | 30% |

| Profit and loss from associates MSEK | UAB Minijos Nafta Three months 2015 | UAB TAN Oil Three months 2014 |
|---|--|---|
| Gross revenue | 19 | - |
| Royalty | -2 | - |
| Net revenue | 17 | - |
| Depreciation | -5 | - |
| Appraisal/development costs | -18 | - |
| Operating expenditures | -11 | - |
| Administrative expenditures in Lithuanian company | -3 | - |
| Operating result | -20 | - |
| Financial income | 1 | - |
| Financial expenditures | - | - |
| Profit before tax | -19 | - |
| Tax | 2 | - |
| Net result from associates | -17 | - |
| Tethys Oil's total share of net result from associates | -4 | |

| MSEK | 31 Mar 2015 | 31 Dec 2014 |
|--|-------------|-------------|
| 1 January | 41 | 184 |
| Acquisitions | - | - |
| Tethys share of net profit from associates | -4 | 2 |
| Dividend from associates | - | -11 |
| Depletion | - | -8 |
| Impairment cost | - | -127 |
| Balance end of period | 36 | 41 |

For an overview of the ownership structure of Tethys Oil's interest in Lithuania, please see page 42 in the Annual Report 2014.

Note 8) Shareholders' equity

As per 31 March 2015, the number of outstanding shares in Tethys Oil amounts to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

As per 31 March 2015, Tethys Oil held 352,060 of its own shares which were purchased during the first and fourth quarters at an average price of SEK 67. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,191,690.

Note 9) Non current liabilities

In February 2014, it was announced that Tethys Oil signed a four-year, up to MUSD 100, senior revolving reserve based lending facility with BNP Paribas. Security for the facility is the interest in the Block 3&4 licence. The interest rate of the credit facility is floating between LIBOR + 3.75 per cent to LIBOR + 4.00 per cent per annum, depending on the level of utilization of the facility. As per 31 March 2015 there was no outstanding debt, i.e. there was no borrowed amount from the new credit facility.

Note 10) Provisions

Tethys Oil estimates that Tethys Oil's share of site restoration regarding Block 3&4 amounts to MSEK 29 (25). As a consequence of this provision, oil and gas properties have increased with an equal amount. The reduction of the provision is related to a more detailed calculation of the site restoration provision affecting the provision's net present value.

Note 11) Pledged assets

As per 31 March 2015, pledged assets amounted to MSEK 1,654 (1,789). Pledged assets are mainly a continuing security with regard to the credit facility 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 lenders in the credit facility and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd. Of pledged assets, MSEK 1 (1) relate to a pledge in relation to office rental.

Note 12) Contingent liabilities

There are no outstanding contingent liabilities as per 31 March 2015, nor for the comparative period.

KEY RATIOS

Group

| | First quarter 2015 | Fourth quarter 2014 | First quarter 2014 |
|---|--------------------------|---------------------------|--------------------------|
| Operational items | | | |
| Production before government take, bbl | 784,207 | 768,226 | 608,582 |
| Production per day, bbl | 8,714 | 8,350 | 6,762 |
| Net sales after government take, bbl | 308,892 | 434,035 | 280,782 |
| Achieved oil price, USD/bbl | 63.80 | 97.09 | 106.56 |
| Items regarding the income statement and balance sheet | | | |
| Net sales, MSEK | 163 | 310 | 195 |
| EBITDA, MSEK | 76 | 200 | 130 |
| EBITDA-margin, % | 46% | 65% | 67% |
| Operating result, MSEK | 13 | 14 | 83 |
| Operating margin, % | 8% | 4% | 42% |
| Net result, MSEK | 39 | 18 | 58 |
| Net margin, % | 24% | 6% | 30% |
| Cash and cash equivalents, MSEK | 400 | 372 | 363 |
| Shareholders' equity, MSEK | 1,888 | 1,675 | 1,127 |
| Balance sheet total, MSEK | 2,061 | 1,816 | 1,625 |
| Capital structure | | | |
| Solvency, % | 91.60% | 92.26% | 69.34% |
| Leverage ratio, % | -19.68% | -20.68% | 5.29% |
| Adjusted equity ratio, % | 91.60% | 92.26% | 69.34% |
| Interest coverage ratio, % | 363.79 | 14.14 | 9.13 |
| Investments, MSEK | 131 | 101 | 45 |
| Net debt/(net cash), MSEK | -371 | -347 | 60 |
| Profitability | | | |
| Return on shareholders' equity, % | 2.19% | 1.30% | 5.18% |
| Return on capital employed, % | 2.45% | 2.06% | 5.37% |
| Key figures per employee | | | |
| Average number of employees | 18 | 18 | 17 |
| Number of shares | | | |
| Dividend per share, SEK | n.a. | n.a. | n.a. |
| Cash flow used in operations per share, SEK | 3.38 | 6.90 | 3.50 |
| Number of shares on balance day, Thousands | 35,544 | 35,544 | 35,544 |
| Shareholders' equity per share, SEK | 53.11 | 47.13 | 31.70 |
| Weighted number of shares on balance day, Thousands | 35,195 | 35,467 | 35,544 |
| Earnings per share, SEK | 1.11 | 0.51 | 1.62 |
| Earnings per share after dilution, SEK | 1.11 | 0.51 | 1.62 |

For definitions of key ratios please refer to the 2014 Annual Report.

The abbreviation n.a. means not applicable.

FINANCIAL CALENDAR:

Annual meeting 2015 will be held in Stockholm 13 May 2015

Six month report 2015 (January – June 2015) on 18 August 2015

Nine month report 2015 (January – September 2015) on 3 November 2015

Year-end report 2015 (January – December 2015) on 9 February 2016

Three month report 2016 (January – March 2016) on 3 May 2016

Stockholm, 5 May 2015

Tethys Oil AB (publ)

Org. No. 556615-8266

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