Nine months and third quarter report 2013

THIRD QUARTER 2013

- **Production from Oman and Lithuania of 442,352 barrels corresponding to 4,808 barrels per day**
- **First appraisal well in the Lower Buah layer on the B4EW4 structure flows in excess of 1,000 bopd**
- **Exploration well in new structure B4EW5 encounters oil and flows in excess of 200 bopd**
- **Net sales of MSEK 142 (116)**
- **Net result after tax MSEK 52 (46)**
- **Earnings per share before and after dilution of SEK 1.46 (1.35)**

NINE MONTHS 2013

- **Net sales of MSEK 399 (414)**
- **Net result after tax MSEK 196 (169)**
- **Earnings per share before and after dilution of SEK 5.50 (4.97)**

SUBSEQUENT EVENTS

- **Vincent Hamilton resigned as Chairman of Tethys Oil AB and the board of directors appointed Staffan Knafve as new Chairman**
- **Second appraisal well completed in November in the Lower Buah layer on the B4EW4 structure flows in excess of 2,000 bopd**
- **Tethys estimates B4EW4 structure to hold recoverable reserves of some 2 to 4 million barrels of oil net to Tethys Oil**
- **Tethys Oil's share of production from Oman during October amounted to 143,388 barrels corresponding to 4,625 barrels per day**

MSEK (unless specifically stated)	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
Production, before government take (bbl)	1,210,673	442,352	945,530	358,968	1,345,854
Net sales, after government take (bbl)	579,751	213,397	549,720	169,303	776,248
Average selling price per barrel, USD	105.64	102.13	109.99	101.09	110.35
Net sales of oil and gas	399	142	414	116	584
Operating result	233	60	184	62	336
EBITDA	331	96	332	77	530
Result for the period	196	52	169	46	314
Earnings per share, SEK	5.50	1.46	4.97	1.35	9.11
Cash and cash equivalents	246	246	323	323	248
Shareholders' equity	1,047	1,047	716	716	860
Long term debt	420	420	403	403	417
Investments	208	60	595	151	875

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

Let us start by concluding that the third quarter has also yielded good results. Both financials and operations continue to be strong. In the third quarter 2013, Tethys Oil produced 442,352 barrels of oil before government take, representing a new record production and an increase of 23 per cent compared with the third quarter 2012 (358,968 barrels). The international oil prices were almost flat compared to third quarter last year and we realized an average selling price of 102 USD/bbl (101). We report net sales of MSEK 142 (116). The result for the third quarter amounted to MSEK 52 (46). Like in the second quarter this year, timing issues in sales have resulted in higher production than sales volumes and we leave the quarter in an under lifted position.

Like previous quarter the average daily production from Block 3 and 4 increased quarter on quarter by 10 per cent from 4,261 bopd to 4,682 bopd. The production increase is partly the result of the successful implementation of the water injection programme on the Farha South oil field, with five new injection wells being drilled in the third quarter. We are however running a little behind schedule, and are now targeting the injection programme to be fully implemented on all fault blocks in production late in the first quarter 2014. Until then, the delay will from time to time affect the production.

The increase in production is also very much a result of the successful test production from the B4EW4 structure. Two wells are on long term test production from the Lower Buah, and a third will be added shortly following the recent highly encouraging result of more than 2,000 bopd tested from the B4EW4-5 well. And the appraisal of the structure continues. The 3D seismic suggests that the Lower Buah may be compartmentalized. Proper appraisal is therefore needed before a third party reserve audit should be carried out. The Lower Buah shows great promise. All three wells drilled into that reservoir section has encountered oil and the oil water oil contact has not yet been determined. This leads Tethys to conclude that somewhere between 2 to 4 million barrels of recoverable oil reserves could be added from this structure. Continued appraisal is of the essence and the currently drilling B4EW4-6 well, the fourth appraisal into the Lower Buah, will yield yet more important data to measure and understand this structure.

During the quarter, we drilled an exploration well in the B4EW5 structure. The well encountered oil and we made a new discovery, but the initial flows were a bit disappointing. We will therefore try to stimulate the well before it will be put in long term production test. However, the most important fact is that the B4EW5 discovered oil and proved the viability of the Buah play concept.

Next year's work programme is taking shape. The Farha water interjection programme will continue, but we also anticipate increased focus on exploratory drilling. In 2013, a large part of the work programme was devoted to seismic studies. With the processing of these studies nearing completion, and the interpretation so far suggesting a large amount of new prospects, we are confident that 2014's exploration programme will be much more focused on the drillbit.

In Lithuania production continues in Gargzdai and exploration activities are being carried out in both the other licenses. The data collection in the seismic study at the Raiseiniai licence is almost completed, and a new well is being drilled at the Rietavas licence. We are looking forward to the results.

In October 2013, my partner since many years, our chairman and co-founder of Tethys Vincent Hamilton left the company in order to work to support and fund a medical research foundation he recently founded. Vince and I have written some 50 management words over the years, but this time I wish Vince a very nice weekend without worrying about investor letters. We also wish him the very best of luck with his new venture. Needless to say, his great contribution to the company will continue to influence the way we operate as will his input as consulting geologist. But let me now welcome our new chairman Staffan Knafve. Staffan has been a board member since our AGM in 2012. With his background in the financial markets, he will bring valuable expertise of a new kind at this position.

So stay with us, our journey continues.

Stockholm in November 2013

Magnus Nordin
Managing Director

FINANCIAL AND OPERATIONAL REVIEW[1]

Review of operations

Oman

Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)
Block 15	40%	1,389	**Odin Energy**, Tethys Oil
Block 3 & 4	30%	34,610	**CCED**, Mitsui, Tethys Oil

Blocks 3 and 4

A total of eight wells were completed on the Blocks during the third quarter 2013. The drilling programme on Farha South on Block 3 continued in the third quarter 2013 to be focused on the water injection programme, with five water injector wells and one water source well completed in the quarter. On Block 4, one appraisal well was drilled on the B4EW4 discovery and one exploration well was drilled on the B4EW5 structure.

The results of the processing of the new 3D seismic survey, which was acquired in early April and includes the B4EW4 area, are almost completed and are now being interpreted. The result from the study will be used to guide the drilling programme in 2014.

Three rigs are employed in the drilling programme on Blocks 3 and 4. The partner group is actively sourcing a fourth rig to further speed drilling activity.

The B4EW4-4 well, the first appraisal well into the Lower Buah section of the B4EW4 structure on Block 4, was drilled and tested in the third quarter. The well confirmed the presence of oil and flowed more than 1,000 bopd from 32/64 inch choke. The B4EW4-4 well was drilled approximately 1 km from the discovery well B4EW4-1. The B4EW4-1 well has in the quarter continued to yield good flows under the long term production test from the Lower Buah. The B4EW4-4 well has also been hooked up to the testing equipment for a long term production test.

The B4EW4-5 well, the second appraisal well into the Lower Buah section of the B4EW4 structure, has just been drilled and tested. The well was drilled some 500 meters southeast from the B4EW4-1 well to a total depth of 2,113 metres. The presence of oil was again confirmed and the well flowed in excess of 2,000 bopd on test from 36/64 inch choke. The new well will also be hooked up to the testing equipment for a long term production test.

Appraisal drilling continues on the B4EW4 discovery. A new appraisal well is in progress to further some 1,100 meters northeast from the discovery well B4EW4-1.The new appraisal well, B4EW4-6 is planned to be drilled to a total depth of some 2,200 metres and is designed to further appraise the extension of the Lower Buah reservoir section.

Evaluation of the drilling results of the well B4EW4-3, that was drilled to evaluate the shallower Lower Al Bashir reservoir on the B4EW4 structure, is ongoing.

An exploration well was drilled on the B4EW5 on Block 4. The B4EW5 structure is a look-a-like structure to the producing B4EW4 structure, and was identified from recently completed 3D seismic. B4EW5 is located some 7 km south of B4EW4. The well drilled to a final total depth of around 3,000 metres and recorded oil shows in five separate formations (Lower Al Bashir, Upper Buah, Middle Buah, Lower Buah and Khufai). The well has been completed in the Lower Buah and produced by natural flow in excess of 200 bopd on 28/64 inch choke. Operations with a view to increase the production rate will be carried out and plans are to place the well on a long term production test.

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[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 nine months 2013 ended 30 September 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. The numbers in the tables in this report may not add exactly due to rounding.

Block 15
An Early Production System - "EPS" with facilities has been completed and commissioned on the Block. The JAS-1 well has since June been on intermittent production in a long term production test. The production rates are minor and continue to vary depending on test programme design.

In addition to the JAS-1 activities, a vertical sidetrack to the JAS-2 well has been drilled in order to evaluate deeper potential reservoirs. The sidetrack reached its final measured depth of 3,560 metres in the Shuaiba formation. The target formations for the sidetrack were Natih A and C and Shuaiba as oil bearing reservoirs. Natih B formation was evaluated as source rock and potential shale oil play, and more than 23 metres of core was acquired from this formation. Minor oil shows were encountered in Natih C and Shuaiba, but the Shuaiba reservoir was estimated as too tight to produce. Natih C has been perforated and will be hook up to the test facilities at JAS-1.

The assessment of Block 15 will continue for other opportunities, primarily in the Shuaiba and Natih formations.

Lithuania

Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)
Gargzdai[2]	25%	884	**Odin,** GeoNafta, Tethys Oil
Rietavas[2]	14%	1,594	**Chevron,** Odin, Tethys Oil
Raiseiniai[2]	26%	1,535	**Odin,** Tethys Oil, private investors

Gargzdai licence
The production on the Gargzdai licence is declining according to expectations. The work programme aims at evaluate various production enhancing techniques.

Rietavas licence
The exploration and appraisal work on the Rietavas license has continued. On the Silale oil field, the old well Silale-1 was re-opened in January 2012. The well has undergone various tests and been in intermittent production with minor flow rates since then. An appraisal well Silale-5 (re-named, previously named Silale-2) has been drilled to further appraise the Silale field. Silale-5 is drilled 1.5 kilometres west of Silale-1 and reached its total depth in the Cambrian sandstones, which were found to be oil bearing. Production testing will be carried out shortly.

A further well, Rietavas-1, is being drilled in the North Eastern corner of the Rietavas license some 20 kilometres from Silale-5. The well will be drilled through all sedimentary layers and is planned to reach its target depth in the Cambrian sandstone.

Raiseiniai licence
The Lapgiriai-1 well on the Raiseiniai 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 is ongoing. Collection of data is almost completed. Processing will start before year end and interpretation is expected to be carried out during first quarter 2014.

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 Raiseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 30 September 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raiseiniai respectively.

France

Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)
Attila	40%	1,986	**Galli Coz**, Tethys Oil
Alès	37.5%	215	**Tethys Oil**, Mouvoil

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

Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)
Gotland Större (incl. Gotland Mindre)	100%	581	**Tethys Oil**

On the Swedish licences, the work programme is being reviewed. At this stage, it is unclear when work could resume.

Production

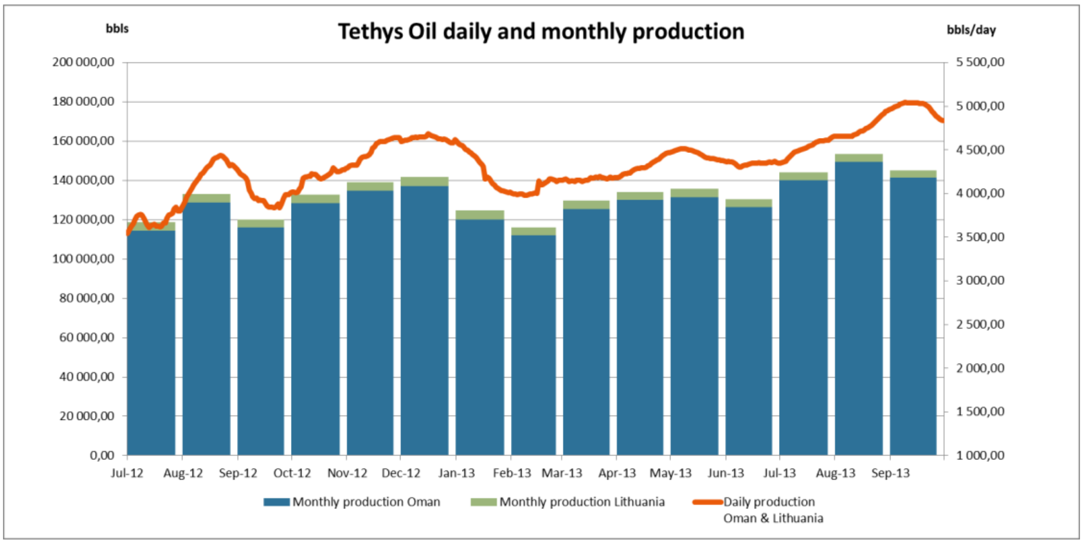
Tethys has production from two areas, Blocks 3 and 4 onshore Oman and the Gargzdai licence onshore Lithuania. Tethys Oil has 30 per cent interest in Block 3 and 4 Oman and an indirect interest of 25 per cent of Gargzdai Lithuania.

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. In addition to these fields, there has been test production from the discovery B4EW4. Production rates vary, mainly due to the on-going development and continued fine tuning of the infrastructure. Production from Oman accounts for 97 per cent of total production.

Quarterly volumes Tethys' share of quarterly production before government take, (bbl)	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Oman, Block 3&4					
Production	430,763	387,734	356,050	400,324	358,968
Average daily production	4,682	4,261	3,956	4,351	3,902
Lithuania, Gargzdai					
Production	11,589	12,105	12,432	13,233	12,737
Average daily production	126	133	138	144	138
Total production	**442,352**	**399,839**	**368,482**	**413,557**	**371,705**
Total average daily production	**4,808**	**4,394**	**4,094**	**4,495**	**4,040**

The first nine months 2013 production in Oman amounted to 1,174,547 (945,530) barrels, a growth of 24 per cent compared to the same period last year. During the first nine 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, page 16.) 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 September 2013, net to Tethys Oil, amounts to MUSD 87.

Production from the Gargzdai licence in western Lithuania has continued to decrease compared with the third quarter 2012, which is in line with the expected depletion of the fields. Tethys Oil's interest of 25 per cent in Gargzdai is held indirectly through Odin Energi A/S, an associated Danish company.



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").

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.

Net sales

During the first nine months 2013, Tethys Oil sold 579,751 (549,720) barrels of oil after government take from Block 3 and 4 in Oman and 213,397 (169,303) barrels of oil during the third quarter.

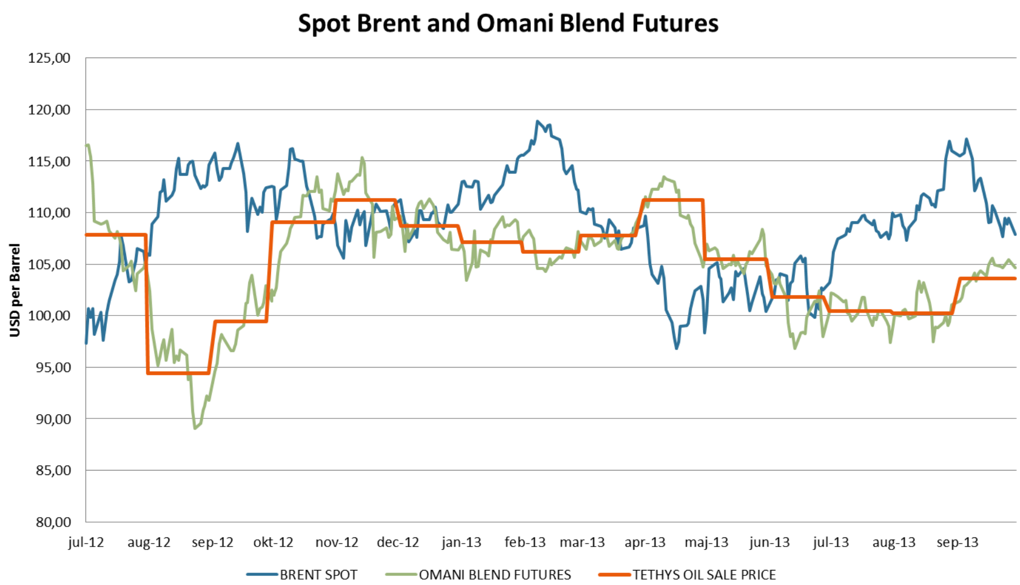
This resulted in net sales during the first nine months 2013 of MSEK 399 (414) and MSEK 142 (116) during the third quarter.

Despite the growth in production (24 per cent) compared to last year, net sales is lower mainly due to:

- sales during first quarter 2012 being 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
- increase in underlift position during 2013 compared to a decrease in 2012
- 4 per cent lower oil price
- 5 per cent stronger 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 September 2013 of 30,404 barrels.

Tethys average selling price per barrel amounted to USD 106 (110) per barrel during the first nine months period 2013 and USD 102 (101) for the third quarter.



Source: Platts, Dubai Merchantile Exchange

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 above). During the first nine months 2013, Omani blend prices have been trading between high levels of USD 113 per barrel and low levels of USD 97 per barrel. First nine months 2013 prices are lower compared to equivalent period last year.

Result

Tethys Oil reports a net result after tax for the first nine months 2013 of MSEK 196 (169) and MSEK 52 (46) for the third quarter, representing earnings per share of SEK 5,50 (4,97) for the nine month period and SEK 1,46 (1,35) for the third quarter.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the first nine months 2013 amounted to MSEK 331 (332) and MSEK 96 (78) for the third 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, through the interests in associated companies Jylland Olie and Odin Energi. Total result from Tethys Oils shares in the associated companies amounted to MSEK 6 (17) for the first nine months period 2013 and MSEK 2 (-) for the third quarter. The comparative period's result for nine months and third 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 (for more information, please see note 7).

Depletion, depreciation and amortisation

Depletion, depreciation and amortisation ("DD&A") for the first nine months 2013 amounted to MSEK 97 (35) and MSEK 36 (16) for the third quarter. Higher DD&A during the first nine 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 nine months 2013 to MSEK 115 (80) and MSEK 42 (31) for the third 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. Over and underlift adjustments are made within the Operating expenses category. Due to an underlift position as per 30 September 2013 amounting to 30,404 barrels, the Operating expenses during the first nine months 2013 have been decreased by MSEK 3. The 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 12.

The increase in operating expenses between the reporting period and the comparative period is mainly explained by late incoming invoices in 2012 and cost of workover wells. 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 23 (19) for the first nine months 2013 and MSEK 6 (7) for the third quarter. Administrative expenses are mainly salaries, rents, listing costs and outside services. The administrative expenditures during the first nine 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 nine 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 -6 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 -29 for the first nine months and MSEK -10 for the third quarter. The currency exchange effect and interest on long term debt is part of net financial result amounting to MSEK -38 (-15) for the first nine months 2013 and MSEK -8 (-16) for the third quarter.

Oil and gas interests

Oil and gas properties as per 30 September 2013 amounted to MSEK 1,024 (919). Investments in oil and gas properties of MSEK 217 (595) were incurred for the nine month period ended 30 September 2013

Country	Licence name	Book value 30 Sep 2013	Book value 31 Dec 2012	Investments Jan-Sep 2013
Oman	Block 15	44	27	18
Oman	Block 3,4	976	890	197
France	Attila	0	-	1
France	Alès	-	-	-
Sweden	Gotland Större (incl. Gotland Mindre)	3	2	0
Lithuania	Gargzdai[3]	-	-	-
Lithuania	Rietavas[3]	-	-	-
Lithuania	Raiseiniai[3]	-	-	-
New ventures		1	0	1
Total		**1,024**	**919**	**217**

3 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 Raiseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 30 September 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raiseiniai respectively.

Currency exchange effects
The book value of oil and gas properties includes currency exchange effects of MSEK -16 during the first nine months 2013, which are not cash related items and therefore not included in investments. For more information please see above under *Result - Net financial result*.

Investments
Blocks 3 & 4
During the first nine months 2013, investments amounting to MSEK 197 were made on Blocks 3 & 4.
Of the total investment amount, MSEK 182 consists of new investments in the blocks and the remaining MSEK 15 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 182 made by Tethys Oil during the first nine months 2013, most has been spent on appraisal drilling, seismic and water injection wells.

Other investments
Other investments amounted during the period to MSEK 20, 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 September 2013 amounted to MSEK 246 (248). 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 nine months 2013 to MSEK -3.

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, including the extended work programme as described in the second quarter report 2013, amounts to MSEK 355. The investment budget is expected to be fully 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.

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.

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 September 2013 the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 185.

Tethys Oil's share of net profit during the first nine months 2013 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK 6 (17) and MSEK 2 (-) for the third quarter. The result was mainly generated from selling 36,667 barrels of oil (Tethys Oil's indirect share) during the first nine months 2013 and 11,900 barrels of oil during the third quarter at an average price of USD 107 (-) per barrel for the nine months period and USD 109 (-) per barrel for the third quarter. During the second quarter a dividend from the Lithuanian investments was received amounting to MSEK 9 (17).

For the comparative period, nine months and third quarter 2012, the dividend received was accounted for in the income statement 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. For more information, please see note 7.

Parent company
The Parent company reports a net result after tax for the first nine months 2013 amounting to MSEK -34 (-145) and MSEK -5 (-17) for the third quarter. Administrative expenses amounted to MSEK 16 (8) for the first nine months 2013 and MSEK 4 (3) for the third quarter. Net financial loss amounted to MSEK 27 (154) during the first nine months 2013 and MSEK 6 (15) for the third quarter. Interest paid on the bond loan and the weaker US dollar has had a negative impact on net financial result during the first nine months 2013. The exchange rate losses regard translation differences and are non cash related. Investments during the first nine months 2013 amounted to MSEK 45 (227). 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.

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

Subsequent events

- Vincent Hamilton resigned as Chairman of Tethys Oil AB and the board of directors appointed Staffan Knafve as new Chairman
- Second appraisal well completed in November in the Lower Buah layer on the B4EW4 structure flows in excess of 2,000 bopd
- Tethys estimates B4EW4 structure to hold recoverable reserves of some 2 to 4 million barrels of oil net to Tethys Oil
- Tethys Oil's share of production from Oman during October amounted to 143,388 barrels corresponding to 4,625 barrels per day

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

TSEK	Note	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
Net sales of oil and gas	2,3	398,792	142,233	414,217	115,738	583,990
Depletion, depreciation and amortisation	4	-96,865	-36,172	-35,166	-15,518	-54,508
Exploration costs	4	-870	-	-112,756	392	-117,521
Other income	6	65,114	80	56	56	56
Operating expenses	5	-115,031	-41,850	-79,607	-31,214	-95,518
Net profit/loss from associates	7	5,512	2,093	16,618	-	49,043
Other losses/gains, net		-36	-25	-33	17	-42
Administrative expenses		-23,176	-6,109	-19,229	-7,366	-29,200
Operating result		**233,441**	**60,249**	**184,101**	**62,106**	**336,300**
Financial income and similar items		3,678	-	8,172	1,757	14,673
Financial expenses and similar items	9	-41,496	-8,429	-22,823	-17,874	-36,798
Net financial loss/profit		**-37,818**	**-8,429**	**-14,651**	**-16,117**	**-22,125**
Result before tax		**195,622**	**51,820**	**169,451**	**45,989**	**314,175**
Income tax		-67	-15	-93	-26	-213
Result for the period		**195,555**	**51,805**	**169,358**	**45,963**	**313,962**
Other comprehensive result						
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences		-8,769	5,357	-23,770	-29,052	-23,630
Other comprehensive result for the period		**-8,769**	**5,357**	**-23,770**	**-29,052**	**-23,630**
Total comprehensive result for the period		**186,787**	**57,162**	**145,588**	**16,910**	**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	34,102,144	34,102,144	34,464,515
Earnings per share, SEK		5.50	1.46	4.97	1.35	9.11
Earnings per share (after dilution), SEK		5.50	1.46	4.97	1.35	9.11

CONSOLIDATED BALANCE SHEET IN SUMMARY

TSEK	Note	30 Sep 2013	31 Dec 2012
ASSETS			
Non current assets			
Oil and gas properties	4	1,023,692	919,523
Office equipment		1,288	2,086
Investment in associates	7	185,032	188,161
		1,210,012	**1,109,770**
Current assets			
Other receivables		51,400	14,618
Prepaid expenses		1,789	1,812
Cash and cash equivalents		245,550	248,038
		298,739	**264,467**
TOTAL ASSETS		**1,508,751**	**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		-35,353	-26,585
Retained earnings		524,278	328,723
Total shareholders' equity	**8**	**1,046,908**	**860,122**
Non current liabilities			
Bond issue	9	391,972	388,862
Other non current liabilities	10	28,488	28,279
		420,460	**417,141**
Current liabilities			
Accounts payable		977	684
Other current liabilities		34,889	12,762
Accrued expenses		5,517	83,529
		41,383	**96,975**
Total liabilities		**461,843**	**514,115**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,508,751**	**1,374,237**
Pledged assets	11	865,784	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**	**113,731**	**-**		**114,231**
Closing balance 31 December 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	-	-	-	104,529	**104,529**
Result for the second quarter 2013	-	-	-	39,222	**39,222**
Result for the third quarter 2013	-	-	-	51,805	**51,805**
Period result	**-**	**-**	**-**	**195,555**	**195,555**
Other Comprehensive income					
Currency translation differences first quarter 2013	-	-	-15,872	-	**-15,872**
Currency translation differences second quarter 2013	-	-	1,746	-	**1,746**
Currency translation differences third quarter 2013	-	-	5,357	-	**5,357**
Total other comprehensive income	**-**	**-**	-8,769	-	**-8,769**
Total comprehensive income	**-**	**-**	**-8,769**	**195,555**	**186,787**
Closing balance 30 September 2013	**5,924**	**552,060**	**-35,353**	**524,278**	**1,046,908**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

TSEK	Note	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
Cash flow from operations						
Operating result		233,441	60,249	184,101	62,106	336,300
Interest received		-	-	135	135	550
Interest paid	9	-38,000	-19,000	-	-	-
Income tax		-67	-15	-93	-26	-213
Adjustment for exploration costs	4	870	-	112,756	-392	117,521
Adjustment for depletion, depreciation and other non cash related items	4	95,365	33,126	19,988	-16,442	12,830
Total cash flow from operations before change in working capital		**291,609**	**74,360**	**316,887**	**45,380**	**466,988**
Change in receivables		-36,485	-12,546	-19,419	-463	-13,850
Change in liabilities		-46,092	6,110	16,338	-6,664	76,710
Cash flow from operations		**209,032**	**67,924**	**313,807**	**38,254**	**529,847**
Investment activity						
Investment in oil and gas properties	4	-201,683	-59,461	-339,617	-75,723	-493,364
Oil and gas properties from cost oil repayment	12	-15,403	-	-255,246	-75,145	-381,240
Dividend from associated companies	7	8,640	-	-	-	-
Investment in other fixed assets		-29	-86	-359	-283	-697
Cash flow from investment activity		**-208,475**	**-59,547**	**-595,222**	**-151,151**	**-875,301**
Financing activity						
Share issue, net after issue costs		-	-	114,319	-5,681	114,231
Bond issue, net after issue costs	9	-	-	399,746	399,746	387,553
Cash flow from financing activity		**-**	**-**	**514,065**	**394,065**	**501,784**
Period cash flow		**557**	**8,377**	**232,650**	**281,168**	**156,330**
Cash and cash equivalents at the beginning of the period		248,038	236,960	93,105	43,688	93,105
Exchange gains/losses on cash and cash equivalents		-3,045	213	-3,225	-2,327	-1,398
Cash and cash equivalents at the end of the period		245,550	245,550	322 530	322,530	248,038

PARENT COMPANY INCOME STATEMENT IN SUMMARY

TSEK	Note	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
Net sales of oil and gas		-	-	-	-	-
Depletion, depreciation and amortisation		-50	-18	-	-	-
Other income		3,781	1,980	1,467	485	2,781
Net profit/loss of associates	7	5,512	2,093	16,618	-	49,043
Other losses/gains, net		-36	-25	-33	17	-42
Administrative expenses		-16,185	-3,767	-8,400	-3,026	-11,902
Operating result		**-6,978**	**262**	**9,653**	**-2,523**	**39,880**
Financial income and similar items		14,869	4,060	12,043	3,004	70,362
Financial expenses and similar items	9	-40,740	-8,237	-22,466	-17,654	-36,363
Write down of shares in group company		-1,421	-1,421	-143,880	-	-156,673
Net financial loss		**-27,291**	**-5,598**	**-154,303**	**-14,650**	**-122,673**
Result before tax		**-34,269**	**-5,336**	**-144,650**	**-17,173**	**-82,793**
Income tax		-	-	-	-	-
Loss for the period*		**-34,269**	**-5,336**	**-144,650**	**-17,173**	**-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	34,102,144	34,102,144	34,464,515

* 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

TSEK	Note	30 Sep 2013	31 Dec 2012
ASSETS			
Total non current assets		597,429	562,763
Total current assets		45,882	189,648
TOTAL ASSETS		**643,311**	**752,411**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	8	247,128	281,397
Total non current liabilities	9	391,972	388,862
Total current liabilities		4,212	82,152
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**643,311**	**752,411**
Pledged assets	11	865,784	625,683
Contingent liabilities	12	-	-

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY IN SUMMARY

TSEK	Restricted equity		Non restricted equity			
	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**	**-**	**113,731**	**-**	**-**	**114,231**
Closing balance 31 December 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**
Loss for the third quarter 2013	-	-	-	-	-5,336	**-5,336**
Period result	**-**	**-**	**-**	**-**	**-34,269**	**-34,269**
Total comprehensive income	**-**	**-**	**-**	**-**	**-34,269**	**-34,269**
Closing balance 30 September 2013	**5,924**	**71,071**	**480,989**	**-276,587**	**-34,269**	**247,128**

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 nine months report 2013 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The nine 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.

	30 September 2013		30 September 2012		31 December 2012	
Currency	2013 Average	2013 Period end	2012 Average	2012 Period end	2012 Average	2012 Period end
SEK/CHF	6.98	7.01	7.28	7.07	7.38	7.23
SEK/EUR	8.59	8.68	8.80	8.58	8.78	8.75
SEK/LTL	2.49	2.51	-	-	-	-
SEK/USD	6.51	6.52	6.85	6.58	6.82	6.61

Effect of currency exchange rates on operating result Comparison with 30 September 2012, TSEK	
Net sales of oil and gas	-20,781
Depreciation, depletion and amortization	5,041
Exploration costs	-
Other income	-3,393
Operating expenses	5,995
Net profit/loss from associate	-
Other losses/gains, net	-
Administrative expenses	529
Summary of currency exchange rate effect on operating result	**-12,608**

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 6.80 per cent as per 30 September 2013 (7.97 per cent).

IAS 39 valuation categories and related balance sheet items

TSEK	30 September 2013 Financial assets and liabilities at fair value through profit or loss	Receivables and other receivables	Other liabilities
Other receivables	-	51,400	-
Cash and bank	-	245,550	-
Debt	-	-	391,972
Accounts payables	-	-	977
Other current liabilities	-	-	34,889

TSEK	31 December 2012 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.

<u>Operational risk</u>

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.

<u>Financial risk</u>

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 nine months 2013, Tethys Oil sold 579,751 (549,720) barrels of oil after government take from Block 3 and 4 in Oman and 213,397 barrels (169,303 barrels) during the third quarter. This resulted in net sales during the first nine months 2013 of TSEK 398,792 (414,217) and TSEK 142,233 (115,738) during the third quarter. The average selling price per barrel amounted to USD 105.64 per barrel during the first nine months 2013 (109.99) and USD 102.13 (101.09) per barrel during the third quarter.

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 & 4 Oman and are made on a monthly basis.

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-Sep 2012							
TSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	414,217	-	-	-	414,217
Depreciation, depletion and amortisation	-65	-	-	-35,166	-79	-418	-	-35,728
Exploration costs	-	-13,474	-	-98,584	-		-698	-112,756
Other income	56	-	-	-	-	-	-	56
Operating expenses	-	-	-	-79,607	-	-	-	-79,607
Net profit/loss from associates	-	-	16,618	-	-	-	-	16,618
Other losses/gains, net	-	-	-	-	-33	-	-	-33
Administrative expenses	-3,344	-1	-	-4,595	-5,647	-4,538	-543	-18,668
Operating result	**-3,354**	**-13,475**	**16,618**	**196,266**	**-5,759**	**-4,955**	**-1,241**	**184,101**
Total financial items								**-14,651**
Result before tax								**169,451**
Income tax								**-93**
Result for the period								**169,358**

	Group income statement Jan-Sep 2013							
TSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	398,792	-	-	-	**398,792**
Depreciation, depletion and amortisation	-75	-	-	-96,296	-50	-443	-	**-96,865**
Exploration costs	-	-829	-	-	-	-	-41	**-870**
Other income	-	-	-	65,114	-	-	-	**65,114**
Operating expenses	-	-	-	-115,031	-	-	-	**-115,031**
Net profit/loss from associates	-	-	5,512	-	-	-	-	**5,512**
Other losses/gains, net	-	-	-	-	-36	-	-	**-36**
Administrative expenses	-3,504	-11	-	-1,781	-16,185	-1,547	-146	**-23,176**
Operating result	**-3,580**	**-841**	**5,51**	**250,798**	**-16,271**	**-1,990**	**-187**	**233,440**
Total financial items								**-37,818**
Result before tax								**195,622**
Income tax								**-67**
Result for the period								**195,555**

Note 4) Oil and gas properties

Country	Licence name	Phase	Expiration date	Remaining 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[4]	None	40%	**Galli Coz**, Tethys Oil
France	Alès	Exploration	2015	MUSD 1.5[5]	37.5%	**Tethys Oil**, MouvOil
Sweden	Gotland Större, Mindre	Exploration	Dec 2013	None	100%	**Tethys Oil**
Lithuania	Gargzdai[6]	Production	No expiration date	None	25%	**Odin**, GeoNafta, Tethys Oil
Lithuania	Rietavas[6]	Exploration	Sep 2017	MLTL 6.2	14%	**Chevron,** Odin, Tethys Oil, private investors
Lithuania	Raiseiniai[6]	Exploration	Sep 2017	MLTL 6.6	26%	**Odin,** Tethys Oil, private investors

TSEK	30 Sep 2013	31 Dec 2012
Producing cost pools	975,518	889,970
Non-producing cost pools	48,175	29,553
Total oil and gas properties	**1,023,692**	**919,523**

TSEK	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[7] 1 Jan – 31 Dec 2012	Exploration costs 1 Jan -31 Dec 2012	Investments 1 Jan -31 Dec 2012	Book value 1 Jan 2012
Country								
Oman Block 3&4	Producing	889,970	26,428[8]	-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 Alès	Non-producing	–	–	–	–	-7,546	1,620	5,764
Sweden Gotland	Non-producing	2,397	–	–	–	–	197	2,200
New ventures	Non-producing	214	–	–	–	-1,633	1,249	833
Total		**919,523**	**26,428**	**-16,132**	**-54,508**	**-117,520**	**874,604**	**206,651**

TSEK	Asset type	Book value 30 Sep 2013	Other non – cash adjustments 1 Jan -30 Sep 2013	Currency exchange diff 1 Jan -30 Sep 2013	DD&A 1 Jan – 30 Sep 2013	Exploration costs 1 Jan -30 Sep 2013	Investments 1 Jan -30 Sep 2013	Book value 1 Jan 2013
Country								
Oman Block 3&4	Producing	975,518	-	-15,095	-96,282	–	196,924	889,970
Oman Block 15	Non-producing	44,257	–	-670	–	-	17,984	26,943
France Attila	Non-producing	12	–	–	–	-829	841	–
France Alès	Non-producing	–	–	–	–	-	-	–
Sweden Gotland	Non-producing	2,494	–	–	–	–	97	2,397
New ventures	Non-producing	1,411	–	–	–	-41	1,239	214
Total		**1,023,692**	**-**	**-15,765**	**-96,282**	**-870**	**217,086**	**919,523**

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. Regarding licences Rietavas and Raiseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 30 September 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raiseiniai respectively.
7 Depletion, depreciation and amortisation
8 Other non cash related items regard provision for site restoration.

Note 5) Operating expenses

TSEK Operating expenditures	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
General & Administrative	14,466	7,402	9,622	6,031	14,641
Production cost Early Production Facilities	-	-	40,400	24,643	44,869
Production cost Permanent Production Facilities	36,583	21,857	-	-	11,409
Well workovers	11,926	4,061	1,275	1,275	1,690
Over- / Underlift	-2,916	-974	-1,663	-1,629	452
Other	6,897	3,760	8,238	4,482	10,165
Accruals	34,673	5,728	21,734	-3,589	12,292
Transferred costs from previous year	13,403	16	-	-	-
Total	**115,031**	**41,850**	**79,607**	**31,214**	**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 Raiseiniai 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 nine months 2013. There was no result from associates for the equivalent period last year.

Tethys Oil AB	Ownership		Ownership		Ownership
Odin Energi	50%	Jylland Olie	42%[9]	Jylland Olie	42%
UAB Minijos Nafta	50%	UAB TAN Oil	50%	UAB TAN Oil	50%
Gargzdai licence	100%	Raiseiniai licence	100%	UAB LL Investicos	50%
				Rietavas licence	100%
Tethys Oil's indirect interest	**25%**		**21%[9]**		**11%[7]**

9 Tethys Oil's interest in Jylland Olie amounts as per 30 September 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 Raiseiniai 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 September 2013 are 11 respectively 21 per cent in Rietavas and Raiseiniai licences.

Tethys Oil's share of profit loss from associates TSEK	UAB Minijos Nafta 1 Jan – 30 Sep 2013	UAB TAN Oil 1 Jan – 30 Sep 2013	UAB LL Investicos 1 Jan – 30 Sep 2013
Gross revenue	28,398	-	-
Royalty	-2,838	-	-
Net revenue	**25,561**	**-**	**-**
Depreciation	-4,451	-	-
Appraisal/development costs	-760	-	-
Operating expenditures	-11,692	-	-
Administrative expenditures in Lithuanian company	-2,086	-310	-
Operating result	**6,572**	**-310**	**-**
Financial income	32	1,491	-
Financial expenditures	-145	-1,157	-
Profit before tax	**6,459**	**25**	**-**
Tax	-969	-4	-
Tethys share of net profit from associates	**5,490**	**22**	**-**
Total share of net profit from associates	**5,512**		

TSEK	30 Sep 2013	31 Dec 2012
1 January	**188,161**	**-**
Acquisitions	-	188,161
Tethys share of net profit from associates	5,512	-
Dividend from associates	-8,640	-
Balance end of period	**185,032**	**188,161**

For an overview of the ownership structure of Tethys Oil's interest in Lithuania, please see page 33 in the Annual Report 2012.

Note 8) Shareholders' equity
As per 30 September 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 (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 September 2013 to TSEK 391,972 (388,862).

Note 10) Provisions
Tethys Oil estimates that Tethys Oil's share of site restoration regarding Block 3&4 amounts to TSEK 28,488 (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 September 2013, pledged assets amounted to TSEK 865,784 (625,683). Pledged assets are mainly 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. Of pledged assets, TSEK 500 (500) relate to a pledge in relation to office rental.

Note 12) Contingent liabilities

There are no remaining outstanding contingent liabilities as per 30 September 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 September 2013.

Note 13) Related party transaction

During the first nine months 2013, Tethys Oil Suisse S.A., a wholly owned subsidiary of Tethys Oil AB, has paid rent to Mrs Mona Hamilton amounting to CHF 66,000. 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 and after the nine month notice period, there will be no further rental payments after 30 September 2013.

KEY RATIOS

Group

	1 Jan 2013 - 30 Sep 2013 9 months	1 Jul 2013 - 30 Sep 2013 3 months	1 Jan 2012 - 30 Sep 2012 9 months	1 Jul 2012 - 30 Sep 2012 3 months	1 Jan 2012 - 31 Dec 2012 12 months
Items regarding the income statement and balance sheet					
Operating result, TSEK	233,441	60,249	184,101	62,106	336,300
Operating margin, %	58.54%	42.36%	44.45%	53.66%	57.59%
Result before tax, TSEK	195,622	51,820	169,451	45,989	314,175
Net result, TSEK	195,555	51,805	169,358	45,963	313,962
Net margin, %	49.04%	36.42%	40.89%	39.71%	53.76%
Shareholders' equity, TSEK	1,046,908	1,046,908	405,039	558,709	860,122
Balance sheet total, TSEK	1,508,751	1,508,751	408,068	644,498	1,374,237
Capital structure					
Solvency, %	69.39%	69.39%	99.26%	86.69%	62.59%
Leverage ratio, %	13.99%	13.99%	n.a.	n.a.	16.37%
Adjusted equity ratio, %	69.39%	69.39%	99.26%	86.69%	62.59%
Interest coverage ratio, %	111.48%	111.48%	n.a.	n.a.	190.16%
Investments, TSEK	208,475	59,547	595,222	151,151	875,301
Profitability					
Return on shareholders' equity, %	18.68%	4.95%	41.81%	8.23%	36.50%
Return on capital employed, %	13.33%	3.53%	41.50%	7.13%	24.58%
Key figures per employee					
Average number of employees	19	19	12	12	12
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	5.88	1.91	9.20	1.12	15.37
Number of shares on balance day, thousands	35,544	35,544	35,544	35,544	35,544
Shareholders' equity per share, SEK	29.45	29.45	11.40	15.72	24.20
Weighted number of shares on balance day, thousands	35,544	35,544	34,102	34,102	34,465
Earnings per share, SEK	5.50	1.46	4.97	1.35	9.11
Earnings per share after dilution, SEK	5.50	1.46	4.97	1.35	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:

Year end report 2013 (January – December 2013) on 14 February 2014

Annual meeting 2014 is planned to be held in Stockholm on 14 May 2014

Three month report 2014 (January – March 2014) on 6 May 2014

Six month report 2014 (January – June 2014) on 19 August 2014

Nine month report 2014 (January – September 2014) on 4 November 2014

Magnus Nordin
Managing Director

Stockholm, 12 November 2013
Tethys Oil AB (publ)
Org. No. 556615-8266

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Review report

We have reviewed this report for the period 1 January 2013 to 30 September 2013 for Tethys Oil AB (publ). The board of directors and Managing director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Göteborg, 12 November 2013

PricewaterhouseCoopers AB

Klas Brand	Johan Malmqvist
Authorised Public Accountant	*Authorised Public Accountant*
Auditor in charge	