First quarter report - 31 March 2018

First quarter 2018 (fourth quarter 2017)

- **Production amounted to 11,664 bopd (11,726 bopd)**
- **Revenue and other income of MUSD 34.2 (MUSD 30.1)**
- **EBITDA of MUSD 21.5 (MUSD 19.7)**
- **Net result of MUSD 9.0 (MUSD 11.0)**
- **Earnings per share amounted to USD 0.26 (USD 0.32)**
- **Exploration well Tibyan-1, located about 9 km southwest of the Erfan-1 discovery, resulted in a smaller oil discovery**
- **Exploration well Luja-1, drilled in the southern part of Block 4, is undergoing extensive evaluation until the latter part of the second quarter 2018**
- **One new producing fault block on Farha South**

MUSD (unless specifically stated)	**First quarter 2018**	Fourth quarter 2017	First quarter 2017	Full year 2017
Net daily production before government take (bbl)	**11,664**	11,726	12,495	12,261
Net barrels produced, after government take (bbl)	**541,686**	556,729	579,642	2,308,342
Net barrels sold, after government take (bbl)	**511,998**	617,577	564,700	2,316,404
Average selling price per barrel, USD	**63.7**	53.9	50.7	51.8
Revenue and other income	**34.2**	30.1	29.3	119.3
EBITDA	**21.5**	19.7	19.3	78.2
Operating result	**10.3**	9.9	9.3	38.4
Result for the period	**9.0**	11.0	6.7	33.1
Earnings per share (after dilution), USD	**0.26**	0.32	0.19	0.96
Net cash	**52.4**	42.0	40.1	42.0
Investments in oil and gas properties	**13.8**	8.2	13.0	40.4

Letter to shareholders

Dear Friends and Investors,
It is with some satisfaction that we note that the oil price is back in the news as Dated Brent has reached over USD 70 per barrel; levels not seen since 2014. This is of course good for Tethys Oil but it is by no means the only positive development we have going for us. Our revenue and other income and EBITDA increased at the same time as our average daily production was in line with previous quarter and within the production guidance for the year. The appraisal programme on the contingent resources on Blocks 3&4 continue, with a view to converting them to 2P reserves by the end of 2018. Exploration drilling has continued, with one new discovery during the quarter and our footprint in Oman increases as work gears up on our new Block 49 in the South Western part of Oman.

Ongoing appraisal of discoveries made in 2017
But first thing first. An obvious highlight in the operations for the first quarter is the ongoing appraisal programme of last year's discoveries. The Ulfa, Erfan and Samah discoveries have so far given us 3.4 million barrels of 2P-reserves and, actually more importantly, over 17 million barrels of 2C contingent resources. These resources are contingent on the successful completion of the on-going appraisal programme and a work programme and budget to develop these resources. So a very important part of the work programme for 2018 is to properly appraise these discoveries. It is our aim during 2018 to move as much of the contingent resources into the 2P reserves category by the end of the year thus increasing the reserve numbers and production.

The appraisal drilling started in the first quarter. One drilling rig is dedicated to the appraisal programme and five appraisal wells are planned for the first nine months. Construction of an Early Production Facility and the construction of pipelines are ongoing. The appraisal programme is proceeding according to plan with the first appraisal well having encountered the oil where expected. We will naturally follow the programme carefully and report on further progress in future reports.

Exploration success
I would like to turn to another highlight for the quarter – continued exploration success! The exploration well Tibyan-1 was drilled near the Shahd field and resulted in a discovery. Tibyan is a small discovery and as such will very quickly be appraised and brought in production. We expect reserve contribution to be rather modest but more importantly we show that the exploration of the Buah and Khufai reservoirs holds upside. In addition, we have also increased the number of producing fault blocks on the Farha South field with one new, previously undrilled, fault block.

It is on this note that our ongoing extended 2,000 km² 3D seismic study should be viewed. 1,200km² of 3D seismic has been shot to the east of the Ulfa and Samah discoveries where over ten leads have been identified based on older 2D seismic. These leads, potential geological structures, could, if confirmed and found oil bearing when drilled, turn into new producing oil fields. If at least some of these leads are confirmed by the ongoing 3D seismic study, we will greatly enhance the prospectivity of this part of Blocks 3&4 and can go on to drill for more oil in this area for years to come.

Oil production in line with previous quarter
Our oil production in the quarter amounted to 11,664 bopd, in line with the 11,726 bopd we produced in the fourth quarter 2017. The production was well within the production guidance for 2018 of between 11,000-13,000 bopd.

Oil price increase
Tethys Oil's operations were supported by the stronger oil market environment in the first quarter 2018. Our achieved oil prices increased from USD 53.9 per barrel in the fourth quarter 2017 to USD 63.7 per barrel in the first quarter 2018, corresponding to over 18 percent increase. As Tethys Oil's sales price is calculated two months in advance, we are yet to see the benefit of the current higher Dated Brent price.

Further financial strengthening
We are happy to report revenue and other income of MUSD 34.2, an increase of 14 percent. Our EBITDA was up 9 percent and amounted to MUSD 21.5. Our investments in oil and gas operations amounted to MUSD 13.8,

up from MUSD 8.2 in the fourth quarter 2017. Our net cash increased from MUSD 42.0 to MUSD 52.4 over the quarter.

Evaluation of exploration well Luja-1

Before I let you go I just wish to bring out one more potential highlight - the Luja-1 exploration well in the Southern part of Block 4. The well has been drilled to its total depth and so far logs suggest the presence of oil in some rock layers. Since this is a completely different part of Block 4 where little activity has been carried out in recent years, the Luja-1 well is being very thoroughly evaluated in order to better understand the geology of this part of the block. Several different kinds of logs have been run and core samples have been taken and are being analysed. A well drilled in the 1980's reasonably nearby is reported to have had oil shows, something Luja-1 confirms. The evaluation will continue for some time and it is too early to have an opinion if this will be a discovery or not as it is still unclear if the oil encountered will flow. But any encouragement will be important to assess the exploration potential of the Southern part of Block 4.

So stay with us, as you have just read we have a lot more to do in Blocks 3&4 – and that is without saying a word about our new Block 49 where we are just getting started and hope to operate our first seismic survey towards the end of the year.

Stockholm in May 2018

Magnus Nordin
Managing Director

OPERATIONAL AND FINANCIAL REVIEW[1]

Tethys Oil's core area is onshore the Sultanate of Oman ("Oman"), where the company holds a 30 percent non-operated interest in exploration and production licence Blocks 3&4 ("Blocks 3&4") and a 100 percent operated interest in exploration licence Block 49 ("Block 49"). Tethys Oil also has non-operated interests in three licenses onshore Lithuania[2] and in one license onshore France[3].

Production

Blocks 3&4

Tethys Oil's share of production, before government take during the first quarter 2018 was 1,041,704 barrels of oil, corresponding to 11,574 bopd. The first quarter 2018 average daily production was in line with the fourth quarter 2017 average daily production of 11,637 bopd.

Other

Production on the Gargzdai field, Lithuania, during the first quarter 2018 was in line with production during the fourth quarter 2017.

Tethys Oil's share of quarterly volumes, before government take (bbls)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Oman, Blocks 3&4[4]					
Production	1,041,704	1,070,633	1,127,816	1,125,973	1,114,697
Average daily production	11,574	11,637	12,259	12,373	12,386
Lithuania, Gargzdai[2]					
Production	8,049	8,173	8,743	9,397	9,882
Average daily production	90	89	95	104	109
Total production	**1,049,753**	**1,078,806**	**1,136,559**	**1,135,370**	**1,124,579**
Total average daily production	**11,664**	**11,726**	**12,354**	**12,477**	**12,495**

Production guidance 2018

The average daily production during the first quarter 2018 of 11,664 bopd is within the production guidance for 2018 of between 11,000-13,000 bopd.

Revenue and other income

Revenue and other income	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Oil sold, bbl	511,998	617,577	568,796	565,331	564,700
Underlift/overlift movement, bbl	29,688	-60,848	17,668	20,175	14,942
Net barrels produced, after government take, bbl	**541,686**	**556,729**	**586,464**	**585,506**	**579,642**
Oil price, USD/bbl	63.7	53.9	48.6	53.7	50.7
Revenue, MUSD	32.6	33.3	27.7	30.3	28.6
Underlift/overlift adjustments, MUSD	1.6	-3.2	0.8	1.1	0.7
Revenue and other income, MUSD	**34.2**	**30.1**	**28.5**	**31.4**	**29.3**

During the first quarter 2018, Tethys Oil sold 511,998 barrels of oil from Blocks 3&4, which is lower than the fourth quarter of 2017 when 617,577 barrels of oil were sold. The sales volumes in the first quarter 2018 have resulted in a reduced overlift position.

[1] The consolidated financial statements of the Tethys Oil Group (hereafter referred to as "Tethys Oil", "Tethys" or the "Group"), in which group Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the first quarter 2018. Segments of the Group are geographical markets.

[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 percent of the licences. The two companies are not consolidated in Tethys Oils financial statements and are therefore only presented in the balance sheet under Investments in associates and in the income statement as Share of net profit/loss from associates.

3 The Attila licence has been extended until February 2019 and Tethys Oil is currently reviewing the prospectivety and potential for additional work.

[4] On Blocks 3&4, the joint operations share of production (after government take) is currently 52 percent of total production. The basis of production sharing is further explained in the Annual report 2017.

The average selling price during the first quarter 2018 amounted to USD 63.7 per barrel, compared to USD 53.9 during the fourth quarter 2017. The average price for Dated Brent oil for the first quarter 2018 amounted to USD 66.9 per barrel. The higher price will benefit Tethys Oil during the second quarter 2018.

Tethys Oil sells all of its oil from Blocks 3&4 on a monthly basis to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. Tethys Oil's average selling price is based on the monthly average price of the two month future contract of Oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

Revenue during the first quarter 2018 was MUSD 32.6 compared to MUSD 33.3 during the fourth quarter 2017. The adjustment for the reduction of the overlift position during the first quarter 2018 amounted to MUSD 1.6 and together with revenue of MUSD 32.6 add up to revenue and other income of MUSD 34.2. The first quarter 2018 revenue and other income is up 14 percent compared to the MUSD 30.1 during the fourth quarter 2017 due to the increase in oil prices despite total production being slightly lower.

Oil sale volumes are nominated two months in advance and are not based upon the actual production in a month; as a result, oil sale volumes can be above or below production volumes. Where the sales volume exceeds the volume of barrels produced an overlift position occurs and where it is less, an underlift position occurs. Tethys Oil has had an overlift position during the first quarter 2018, which as per 31 March 2018 amounts to 6,404 barrels.

Underlift/overlift, bbls	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Underlift/overlift, movement during period	29,688	-60,848	17,668	20,175	14,942
Underlift/overlift, closing position	-6,404	-36,092	24,756	7,088	-13,087

Operating expenses

Operating expenses, Blocks 3&4	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Production costs, MUSD	10.6	8.0	8.5	8.0	8.2
Well workovers, MUSD	1.0	1.0	0.7	0.2	0.3
Total operating expenses, MUSD	**11.6**	**9.0**	**9.2**	**8.2**	**8.5**
Operating expenses per barrel, USD	11.1	8.4	8.1	7.3	7.6

Operating expenses during the first quarter 2018 amounted to MUSD 11.6 compared to MUSD 9.0 during the fourth quarter 2017. The increase in operating expenses during the first quarter 2018 compared to the fourth quarter 2017 is mainly due to costs incurred in 2017 impacting the first quarter 2018. Operating expenses are expected to moderately increase compared to the prior year. Due to the impact of 2017 costs in the first quarter 2018, the quarter is not representative of 2018 quarterly operating expenses. Operating expenses are related to oil production on Blocks 3&4, and comprise expenses for field staff, expenses related to maintenance, well workovers and interventions and administration, including operator overhead.

Operating expenses per barrel during the last five quarters have been in the range USD 11.1 to 7.3 per barrel. The rolling 12-month average operating expenses per barrel is USD 8.7.

Depletion, depreciation and amortisation

DD&A, Blocks 3&4	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
DD&A, MUSD	11.2	9.5	10.0	10.0	10.0
DD&A per barrel, USD	10.7	8.9	8.9	8.9	8.9

Depletion, depreciation and amortisation ("DD&A") during the first quarter 2018 amounted to MUSD 11.2, which is higher than MUSD 9.5 in the fourth quarter 2017 mainly due to revisions to the DD&A calculation following the year end 2017 reserves report. DD&A, both in absolute and per barrel terms, have increased due to an increase in additional future investments for the production of currents reserves. These additional future investments will however benefit all potential future production, including potential production from resources not included in the current oil reserves. The effect this year is a lowering of the result for this quarter and year, but benefits will be seen over the years to come.

Netback

Netback Blocks 3&4, USD/bbl	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Oil price achieved (sales barrels)	63.7	53.9	48.6	53.7	50.7
Revenue (after government take)	33.1	28.0	25.3	27.9	26.3
Operating expenses	11.1	8.4	8.1	7.3	7.6
Netback	**22.0**	**19.6**	**17.2**	**20.6**	**18.7**

Netback during the first quarter 2018 is higher than the fourth quarter 2017 due to the increase in oil prices offsetting higher operating expenses per barrel.

Administrative expenses

Administrative expenses for the first quarter 2018 amounted to MUSD 1.1 compared to MUSD 1.4 during the fourth quarter 2017. Administrative expenses are mainly salaries, rents, listing costs and external services.

Net financial result

The net financial result during the first quarter 2018 amounted to MUSD -1.3 compared to MUSD 1.1 during the fourth quarter 2017. The net financial result for the first quarter 2018 is primarily related to currency exchange effects. Currency exchange differences recorded on loans between the parent company and subsidiaries are non-cash related items. Other financial costs amounted to MUSD -0.1.

Tax

In Oman, Tethys Oil's oil and gas operations are governed by an Exploration and Production Sharing Agreement for each license ("EPSA") whereby Tethys Oil receives its share of oil after government take. Under the terms of the EPSA, Tethys Oil is subject to Omani income taxes and royalties which are paid in full, on behalf of Tethys Oil, from the government share of oil. These taxes are netted against revenue in the income statement.

Result

Tethys Oil reports a net result after tax for the first quarter 2018 of MUSD 9.0, representing earnings per share (after dilution) of USD 0.26. The result for the first quarter 2018 is down compared to the fourth quarter 2017 where the net result amounted to MUSD 11.0.

Investments and work program

During the first quarter 2018, total investments amounted to MUSD 13.8 of which the majority relate to Blocks 3&4.

Summary of oil and gas properties (MUSD)

Country	Book value 31 Mar 2018	Book value 31 Dec 2017	Investments Jan-Mar 2018
Oman Blocks 3&4	191.5	189.1	13.6
Oman Block 49	0.5	0.4	0.1
France	-	-	-
New ventures	0.3	0.2	0.1
Total	**192.3**	**189.7**	**13.8**

Blocks 3&4, Oman

Investments on Blocks 3&4 were higher during the first quarter 2018 compared to the fourth quarter 2017 due to the ongoing 3D seismic campaign and investment activities in 2017 impacting the first quarter 2018.

Investments Blocks 3&4, MUSD	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Drilling	6.7	5.5	2.6	10.6	7.8
G&G	3.4	0.8	0.4	1.4	1.6
Facilities	3.5	1.5	1.1	3.1	3.5
Total investments Blocks 3&4	**13.6**	**7.8**	**4.1**	**15.1**	**12.9**

Three rigs and one workover unit have been operating and a total of twelve wells were completed on Blocks 3&4 during the first quarter 2018. Ongoing maintenance and updating work was conducted on all fields during the period.

Wells completed Q1 2018 (primary purpose)	Farha South Field	Shahd and Saiwan East Fields	Near and far field	Total
Appraisal/Production	4	-	-	**4**
Water injection	4	1	-	**5**
Water source	-	1	-	**1**
Exploration	-	-	2	**2**
Total	**8**	**2**	**2**	**12**

Exploration on Blocks 3&4

The exploration well Luja-1 well was spudded late in the fourth quarter 2017 in the southern part of Block 4. Luja-1 is located about 110 km southwest of the Shahd field. The well reached a total depth (TVD) of 3,609 m in the first quarter 2018. A legacy well drilled in the area encountered oil shows, and as expected, oil shows were also recorded in the Luja-1 well during drilling. Extensive evaluation of the well will be ongoing until the latter part of the second quarter 2018.

The exploration well Tibyan-1 was spudded and completed in the first quarter. Tibyan-1 is located about 9 km southwest of the Erfan-1 discovery. The target of the well was the Khufai formation. The well reached a total depth (TVD) of 2,215 m and resulted in a new smaller oil discovery. The well is planned to be connected to the production system during the second quarter 2018.

Block 3: Farha South Field

Two appraisal/production wells were drilled in the previously undrilled fault blocks U and UF on the Farha South field in the first quarter 2018. Fault block U is located 0.9 km west of fault block G and 1.2 km south of fault block V. The well was drilled vertically down to the target, the Barik sandstone and encountered oil. The well has been connected to the production system. Fault block UF is located 1.5 km northwest of fault block T. The well was drilled vertically down to the target, the Barik sandstone. The well did not encounter oil. A dry hole analysis suggests that the fault block has a leaking side seal, something that is only possible to discover by drilling and is not visible on seismic. Two production wells were also drilled on Farha South, one in the newly discovered fault block U and the other in fault block V.

In addition, four water injection wells were drilled on the field.

Block 4: Shahd and Saiwan East oil fields

One water injection well was drilled in Shahd structure H and one water source well was drilled in structure I.

Discoveries made in 2017

The appraisal of the Ulfa discovery was initiated in the first quarter 2018 with the drilling of the Ulfa-2 appraisal well. The well was completed in the second quarter 2018 and cores were taken that are being studied. The Ulfa-3 well has spudded in the second quarter 2018. One drilling rig has been focussed to the appraisal of the new discoveries until October, and it will drill in total four wells back to back on Ulfa (three wells) and Samah (one well), including Ulfa-2 and Ulfa-3. The Erfan discovery was appraised by two wells in addition to the discovery well already in 2017. A further appraisal well on Erfan (Erfan-4) was spudded in April 2018.

Construction of an Early Production Facility ("EPF") has commenced for the Ulfa and Samah discoveries. The EPF includes separators, heater treaters and pipelines. The construction is expected to be finished in the third quarter 2018. A new pipeline will connect the Ulfa and Samah discoveries with the Saiwan East facilities. At present, the production from these discoveries are being transported through a flow line to the Farha South production facilities. The EPF is needed in order to handle expected larger production volumes from Ulfa and Samah, and also to release capacity at the Farha plant.

Seismic acquisition

The 3D seismic campaign east of the Ulfa discovery which was launched in the fourth quarter 2017 has been extended and will now cover in total 2,000 km². The extension of the study will cover an area of 800 km² north west of the Farha South field. The 3D seismic acquisition on the 1,200 km² area east of the Ulfa discovery has been completed and is now being processed. Interpretation of the processed data is expected to be matured in the third quarter 2018. The area east of Ulfa covered by 3D seismic includes more than ten leads identified on older 2D seismic and should the interpretation of the 3D seismic give support for these leads, one exploration well is planned to be drilled in the area later in 2018.

Block 49, Oman

Tethys Oil was awarded the exploration license for Block 49 in the fourth quarter 2017. Block 49 covers an area of 15,439 km² in the South West of Oman. More than 11,000 km of 2D seismic acquired by previous operators has been made available to Tethys Oil. Nine wells have been drilled within the block boundaries, several of which are reported to have encountered oil shows.

The geological studies and studies of legacy seismic data continued in the first quarter 2018. A tender process for reprocessing of legacy seismic data was conducted in the quarter. As part of the tender process, each service provider had to provide test lines of reprocessed seismic. The result showed that the reprocessing will add value, and decision was made to go ahead with the reprocessing. Contract negotiations with a chosen provider is ongoing with a view to have the reprocessing data available early in the third quarter.

Investments on Block 49 during the first quarter 2018 amounted to MUSD 0.1 compared to MUSD 0.4 during the fourth quarter 2017 and was mainly related to interpretation of legacy seismic.

New ventures

A number of new ventures projects have been reviewed and several continue to be evaluated.

Associated companies

As per 31 March 2018, the value of the shareholding in the two associated Danish companies holding the interest in Lithuanian licenses, amounted to MUSD 0.0 compared to MUSD 0.0 in the fourth quarter 2017. For further information regarding the ownership structure, please refer to the Annual report 2017.

Production on the Gargzdai licence during the first quarter 2018 was in line with production during the fourth quarter 2017. During the first quarter 2018, an average of 15 wells were in production on the license.

Liquidity and financing

Cash and bank and Net cash as per 31 March 2018 amounted to MUSD 52.4 compared to MUSD 42.0 as per 31 December 2017.

During the first quarter 2018, cash flow from operations amounted to MUSD 24.1 and investments in oil and gas amounted to MUSD 13.8. For the first quarter 2018 cash flow from operations after investments in oil and gas amounted to MUSD 10.3.

Tethys Oil's operations on Blocks 3&4 and Block 49, including investment program, are expected to be funded from cash flow from operations and from available funds. Tethys Oil's operations in Lithuania are expected to be funded from cash flow from operations and available cash in the associated Lithuanian companies.

Tethys Oil has since 2014 had a four-year, up to MUSD 100, senior revolving reserve based lending facility (the "Facility"). Security for the Facility was the interest in the Blocks 3&4 licence. The Facility matured at the end of February 2018.

Export Reporting Error

Tethys Oil accounted during the fourth quarter 2016 for the effects of a fiscal metering calibration error resulting in over-reporting of exported oil from Blocks 3&4, affecting fourth quarter 2016 and full year 2016 revenue and result negatively by MUSD 5.9. The error amount is being repaid in cash according to a repayment schedule over a five year period and Tethys Oil estimates that the negative undiscounted net cash effect for Tethys Oil will be less than MUSD 1.4. The mechanism for the full settlement details are being discussed, but Tethys Oil expects that the final settlement will reflect the relevant agreements.

Of the Export Reporting Error amount of MUSD 5.9, MUSD 0.3 was repaid during the first quarter 2018 resulting in Current provisions amounting to MUSD 1.0 and Non-current provisions to MUSD 2.8, hence a total amount remaining to be settled of MUSD 3.8, to be repaid in equal monthly instalments until 2022.

Parent company
The Parent company reports a net result after tax for the first quarter 2018 amounting to MSEK -10.7 compared to MSEK 138.0 for the fourth quarter 2017. Administrative expenses during the first quarter 2018 amounted to MSEK 6.6 compared to MSEK 6.7 for the fourth quarter 2017. Net financial result amounted to MSEK -5.6 during the first quarter 2018 compared to MSEK 142.5 for the fourth quarter 2017. Currency exchange losses related to loans to subsidiaries during the first quarter 2018 and dividends from group companies in the fourth quarter 2017 are the main reasons for the lower result during the quarter.

Share data
As per 31 March 2018, 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. The Company has the same amount of shares outstanding as per 31 December 2017. Tethys Oil has a warrant based incentive programme for employees, for further information please see Note 8. As the subscription price is below the share price for one tranche of the incentive program as per the 31 March 2018, the warrants of this tranche are included in the diluted number of shares which amount to 35,895,500 per 31 March 2018. If the subscription prices have been below the share price during the reporting period, the dilution effects have been included in the weighted average number of shares in circulation after dilution.

As per 31 March 2018, Tethys Oil held 1,644,163 of its own shares which have been purchased since commencement of the programme during the fourth quarter 2014. The purpose of the repurchasing program is to optimize the capital structure and to enable any repurchased shares to be used as payment in connection with, or financing of, acquisitions of companies or businesses. No shares were purchased during the first quarter 2018. The repurchased shares are still included in the total number of shares, but are not included in the average number of shares in circulation. The weighted average number of shares in circulation during the first quarter 2018 before dilution is 33,899,587 and after dilution 34,212,254.

After 31 March 2018 and up to the date of publication for this report, Tethys Oil has not acquired any further shares.

Seasonal effects
Tethys Oil has no significant seasonal variations.

Risks and uncertainties
A statement of risk and uncertainties are presented in Note 1.

Transactions with related parties
See Note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Revenue		32.6	33.3	28.6	119.9
Underlift/overlift adjustments		1.6	-3.2	0.7	-0.6
Revenue and other income	3	**34.2**	**30.1**	**29.3**	**119.3**
Operating expenses		-11.6	-9.0	-8.5	-34.9
Gross profit		**22.6**	**21.1**	**20.8**	**84.4**
Depletion, depreciation and amortisation		-11.2	-9.5	-10.0	-39.5
Exploration costs		-	-0.3	-0.0	-0.3
Share of net profit/loss from associates		-	-0.0	-0.1	-0.3
Administrative expenses	8	-1.1	-1.4	-1.4	-5.9
Operating result		**10.3**	**9.9**	**9.3**	**38.4**
Net financial result	4	**-1.3**	**1.1**	**-2.6**	**-5.3**
Result before tax		**9.0**	**11.0**	**6.7**	**33.1**
Income tax		-	-	-	-
Result for the period		**9.0**	**11.0**	**6.7**	**33.1**
Other comprehensive result					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences		0.9	-1.8	2.4	4.5
Other comprehensive result for the period		**0.9**	**-1.8**	**2.4**	**4.5**
Total comprehensive result for the period		**9.9**	**9.2**	**9.1**	**37.6**
Attributable to:					
Shareholders in the parent company		**9.9**	**9.2**	**9.1**	**37.6**
Non controlling interest		-	-	-	-
Number of shares at period end		35,543,750	35,543,750	35,543,750	35,543,750
Weighted average number of shares (before dilution)		33,899,587	34,043,831	34,214,526	34,170,474
Weighted average number of shares (after dilution)		34,212,254	34,183,415	34,628,994	34,385,463
Earnings per share (before dilution), USD		0.27	0.32	0.20	0.97
Earnings per share (after dilution), USD		0.26	0.32	0.19	0.96

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	31 Mar 2018	31 Dec 2017
ASSETS			
Non current assets			
Oil and gas properties	5	192.3	189.7
Investment in associates		0.0	0.0
		192.3	**189.7**
Current assets			
Other receivables		12.7	12.7
Prepaid expenses		0.3	0.3
Cash and cash equivalents		52.4	42.0
		65.4	**55.0**
TOTAL ASSETS		**257.7**	**244.7**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		0.8	0.8
Additional paid in capital		71.0	71.0
Reserves		4.3	3.4
Retained earnings		162.3	153.3
Total shareholders' equity		**238.4**	**228.5**
Non current liabilities			
Non current provisions	7	9.0	9.1
		9.0	**9.1**
Current liabilities			
Current provisions	7	1.0	1.0
Accounts payable and other current liabilities		9.3	6.1
Loan facility	6	-	-
		10.3	**7.1**
Total liabilities		**19.3**	**16.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**257.7**	**244.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Attributable to shareholders of the parent company MUSD	Share capital	Paid in capital	Reserves	Retained earnings	Total equity
Opening balance 1 January 2017	**0.8**	**71.0**	**-1.1**	**126.2**	**196.9**
Comprehensive income					
Result for twelve months 2017	-	-	-	33.1	**33.1**
Currency exchange differences twelve months 2017	-	-	4.5	-	**4.5**
Total comprehensive income	-	-	**4.5**	**33.1**	**37.6**
Transactions with owners					
Purchase of own shares	-	-	-	-2.3	**-2.3**
Dividends paid	-	-	-	-3.9	**-3.9**
Incentive programme	-	-	-	0.3	**0.3**
Total transactions with owners	-	-	-	**-5.9**	**-5.9**
Closing balance 31 December 2017	**0.8**	**71.0**	**3.4**	**153.3**	**228.5**
Opening balance 1 January 2018	**0.8**	**71.0**	**3.4**	**153.3**	**228.5**
Comprehensive income					
Result for three months 2018	-	-	-	9.0	**9.0**
Currency exchange differences three months 2018	-	-	0.9	-	**0.9**
Total comprehensive income	-	-	**0.9**	**9.0**	**9.9**
Transactions with owners					
Purchase of own shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share redemption	-	-	-	-	-
Incentive programme	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Closing balance 31 March 2018	**0.8**	**71.0**	**4.3**	**162.3**	**238.4**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Cash flow from operations					
Operating result		10.3	9.9	9.3	38.4
Interest received		-	-	-	-
Interest paid	4	-	-0.1	-0.1	-0.2
Adjustment for exploration costs		-	0.3	-	0.3
Adjustment for depletion, depreciation and other non-cash related items		10.5	9.3	8.8	38.2
Total cash flow from operations before change in working capital		**20.8**	**19.4**	**18.0**	**76.7**
Change in receivables		0.1	-2.7	-2.0	-5.4
Change in liabilities		3.2	-12.2	-1.6	-21.2
Cash flow from operations		**24.1**	**4.5**	**14.4**	**50.1**
Investment activity					
Investment in oil and gas properties	5	-13.8	-8.2	-13.0	-40.4
Cash from associated companies, net		0.0	0.0	0.0	-
Cash flow from investment activity		**-13.8**	**-8.2**	**-13.0**	**-40.4**
Financing activity					
Purchase of own shares		-	-1.9	-	-2.3
Share redemption		-	-	-	-
Dividend		-	-	-	-3.9
Cash flow from financing activity		**-**	**-1.9**	**-**	**-6.2**
Period cash flow		**10.3**	**-5.6**	**1.4**	**3.5**
Cash and cash equivalents at the beginning of the period		42.0	47.5	39.0	39.0
Exchange gains/losses on cash and cash equivalents		0.1	0.1	-0.3	-0.5
Cash and cash equivalents at the end of the period		52.4	42.0	40.1	42.0

KEY RATIOS

Group	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Operational items				
Production before government take, bbl	1,049,753	1,078,806	1,124,579	4,475,314
Production per day, bbl	11,664	11,726	12,495	12,261
Net sales after government take, bbl	511,998	617,577	564,700	2,316,404
Achieved oil price, USD/bbl	63.7	53.9	50.7	51.8
Income statement and balance sheet				
Revenue and other income, MUSD	34.2	30.1	29.3	119.3
EBITDA, MUSD	21.5	19.7	19.3	78.2
EBITDA-margin	63%	65%	66%	66%
Operating result, MUSD	10.3	9.9	9.3	38.4
Operating margin	30%	33%	32%	32%
Net result, MUSD	9.0	11.0	6.7	33.1
Net margin	26%	37%	23%	28%
Cash and cash equivalents, MUSD	52.4	42.0	40.1	42.0
Shareholders' equity, MUSD	238.4	228.5	206.0	228.5
Balance sheet total, MUSD	257.7	244.7	243.9	244.7
Capital structure				
Solvency	93%	93%	84%	93%
Leverage ratio	neg.	neg.	neg.	neg.
Investments, MUSD	13.8	8.2	13.0	40.4
Net cash, MUSD	52.4	42.0	40.1	42.0
Profitability				
Return on shareholders' equity	3.86%	5.18%	3.32%	15.56%
Return on capital employed	4.77%	5.39%	4.55%	18.97%
Other				
Average number of full time employees	19	19	20	19
Distribution per share, SEK	-	-	-	1.00
Cash flow from operations per share, USD	0.70	0.13	0.42	1.46
Number of shares at period end, ´000	35,544	35,544	35,544	35,544
Shareholders' equity per share, USD	6.71	6.43	5.79	6.43
Weighted average number of shares (before dilution), ´000	33,900	34,044	34,215	34,170
Weighted average number of shares (after dilution), ´000	34,212	34,183	34,629	34,385
Earnings per share before dilution, USD	0.27	0.32	0.20	0.97
Earnings per share after dilution, USD	0.26	0.32	0.19	0.96

Key quarterly data

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net daily production before government take, bbl	11,664	11,726	12,354	12,477	12,495	12,268	12,297	12,164
Barrels sold, bbl	511,998	617,577	568,796	565,331	564,700	583,772	501,167	740,844
Revenue and other income, MUSD	34.2	30.1	28.5	31.4	29.3	20.7	26.1	20.6
EBITDA, MUSD	21.5	19.7	18.2	21.0	19.3	9.6	15.7	8.4
Return on shareholders' equity	3.86%	5.18%	2.28%	5.19%	3.32%	0.74%	2.97%	1.39%
Cash flow from operations, MUSD	24.1	4.5	19.9	11.1	14.4	16.2	15.5	11.3
Earnings per share after dilution, USD	0.26	0.32	0.14	0.31	0.19	0.04	0.19	-0.09
Share price, end of period, SEK	67.20	65.75	62.25	58.50	63.50	78.75	60.50	64.50

For definitions of key ratios please refer to the 2017 Annual Report.

Relevant reconciliations of alternative performance measures

Besides the definitions below, definitions of the alternative performance measures below can be found in the Annual Report 2017.

MUSD (unless specifically stated)	**First quarter 2018**	Fourth quarter 2017	First quarter 2017	Full year 2017
Operating result	10.3	9.9	9.3	38.4
Depreciation, depletion and amortization	11.2	9.5	10.0	39.5
Exploration costs	0.0	0.3	0.0	0.3
EBITDA	**21.5**	**19.7**	**19.3**	**78.2**
Cash and bank	52.4	42.0	40.1	42.0
Interest bearing debt	-	-	-	-
Net cash	**52.4**	**42.0**	**40.1**	**42.0**
Cash flow from operations	24.1	4.5	14.4	50.1
Investment in oil and gas properties	-13.8	-8.2	-13.0	-40.4
Cash flow from operations after investments	**10.3**	**-3.7**	**1.4**	**9.7**

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	Note	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Other income		1.5	2.2	2.0	10.9
Share of net profit/loss from associates		-0.0	-0.0	-1.3	-2.8
Administrative expenses	8	-6.6	-6.7	-7.9	-31.2
Operating result		**-5.1**	**-4.5**	**-7.2**	**-23.1**
Net financial result		-5.6	142.5	-14.9	108.1
Result before tax		**-10.7**	**138.0**	**-22.1**	**85.0**
Income tax		-	-	-	-
Result for the period*		**-10.7**	**138.0**	**-22.1**	**85.0**

* 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 2018	31 Dec 2017
ASSETS			
Total non current assets		186.8	356.6
Total current assets		220.6	64.4
TOTAL ASSETS		**407.4**	**421.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity		77.0	77.0
Unrestricted shareholders' equity		292.4	303.1
Total current liabilities		38.0	40.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**407.4**	**421.0**

NOTES

General information

Tethys Oil AB (publ) ("the Company"), corporate identity 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 and production licences in Oman, France and Lithuania. 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 2018 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter report 2018 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 accounting principles as described in the Annual report 2017 have been used in the preparation of this report.

Tethys Oil has applies the ESMA's (European Securities and Markets Authority) guidelines for alternative performance measures. Definitions of performance measures are provided in the Annual Report 2017 and the relevant reconciliations can be found on page 15 of this report.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group has elected not to adopt the standard early. The Group has assessed the impact of IFRS 9 and has concluded that the standard will not have any material effects on the Group financial reporting.

Reporting of revenue

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has assessed the impact of IFRS 15 and has concluded that the standard will not cause any change in timing, nor have any material effects on the Group financial reporting apart from changes in presentation where the liftings position will be separately disclosed. The Group has further determined that the Group discloses sufficient information to enable users of the financial statements to understand the revenue and cash flows arising from a contract with a customer as the revenue and cash flows are not materially differentiated in nature, amount, timing, or uncertainty. The effect of the standard on the Group reporting is illustrated in the comparative tables below.

Reporting of revenue under old accounting principles

MUSD	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Net sales	32.6	33.3	28.6	119.9
Underlift/overlift adjustments	1.6	-3.2	0.7	-0.6
Revenue	**34.2**	**30.1**	**29.3**	**119.3**

Reporting of revenue and other income under new accounting principles

MUSD	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Revenue	32.6	33.3	28.6	119.9
Underlift/overlift adjustments	1.6	-3.2	0.7	-0.6
Revenue and other income	**34.2**	**30.1**	**29.3**	**119.3**

MUSD	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
EBITDA, old accounting principles	21.5	19.7	19.3	78.2
EBITDA, new accounting principles	21.5	19.7	19.3	78.2
Earnings per share, old accounting principles, USD per share	0.26	0.32	0.19	0.96
Earnings per share, new accounting principles, USD per share	0.26	0.32	0.19	0.96
Shareholders' equity, old accounting Principles	238.4	228.5	206.0	228.5
Shareholders' equity, new accounting principles	238.4	228.5	206.0	228.5

Exchange rates

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

	31 March 2018		31 December 2017	
Currency	Average	Period end	Average	Period end
SEK/USD	8.23	8.28	8.67	8.44
SEK/EUR	10.04	10.18	9.73	10.00

The Group is exposed to fluctuations in the foreign exchange markets as fluctuations in exchange rates can negatively affect the result, cash flow and equity. The major proportion of the Group´s assets relate to international oil and gas discoveries valued in USD and which generate revenues in USD. During the first quarter 2018, all of Tethys Oil's oil sales and operative expenditures were denominated in USD.

Fair value

The nominal value of accounts payables, cash and bank and accounts receivables is a fair approximation of those line items as they are short term in nature.

IAS 39 valuation categories and related balance sheet items

	31 March 2018		
MUSD	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	12.7	-
Cash and bank	-	52.4	-
Accounts payables and other current liabilities	-	-	9.3

	31 December 2017		
MUSD	Financial assets and liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Other receivables	-	12.7	-
Cash and bank	-	42.0	-
Accounts payables and other current liabilities	-	-	6.1

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 commercially producing oil and is furthermore exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these 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 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 cash flows and profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farm-out or sale of assets. There are no oil price hedges in place as per 31 March 2018. Further, Oman has, following an agreement with OPEC (Declaration of Cooperation OPEC and non-OPEC), imposed a production recommendation relating to Blocks 3&4. The

Declaration of Cooperation OPEC and non-OPEC has been extended to cover all of 2018, with a review planned in June 2018. The production recommendation may affect the Company's oil production and sales.

Another operational risk factor is access to equipment in Tethys Oil's projects. In the drilling/development phase of a project the group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of theses supplies can present difficulties for Tethys Oil to fulfil projects. Through its operations Tethys Oil is furthermore subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

The Group's activities expose it to a variety of financial risks, mainly categorized as exchange rate risk and liquidity risk. The Group's risks are continuously monitored and analysed by the board of directors and management. The aim is to minimise potential adverse effects on the Group's financial performance.

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 2017.

Note 2) 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-Mar 2018					
MUSD	**Oman**	**Lithuania**	**Sweden**	**Other**	**Total**
Revenue and other income	34.2	-	-	-	**34.2**
Operating expenses	-11.6	-	-	-	**-11.6**
Depreciation, depletion and amortisation	-11.2	-	-	-	**-11.2**
Exploration costs	-	-	-	-	**-**
Share of net profit/loss from associates	-	-	-	-	**-**
Administrative expenses	-0.3	-	-0.8	-	**-1.1**
Operating result	**11.1**	**-**	**-0.8**	**-**	**10.3**
Total financial items					-1.3
Result before tax					**9.0**
Income tax					**-**
Result for the period					**9.0**

Group income statement Jan-Dec 2017					
MUSD	**Oman**	**Lithuania**	**Sweden**	**Other**	**Total**
Revenue and other income	119.3	-	-	-	**119.3**
Operating expenses	-34.9	-	-	-	**-34.9**
Depreciation, depletion and amortisation	-39.5	-	-	-	**-39.5**
Exploration costs	-	-	-	-0.3	**-0.3**
Share of net profit/loss from associates	-	-0.3	-	-	**-0.3**
Administrative expenses	-2.0	-	-3.5	-0.4	**-5.9**
Operating result	**42.9**	**-0.3**	**-3.5**	**-0.7**	**38.4**
Total financial items					-5.3
Result before tax					**33.1**
Income tax					**-**
Result for the period					**33.1**

Note 3) Revenue and other income

MUSD	**First quarter 2018**	Fourth quarter 2017	First quarter 2017	Full year 2017
Revenue	32.6	33.3	28.6	119.9
Underlift/overlift adjustments	1.6	-3.2	0.7	-0.6
Revenue and other income	**34.2**	**30.1**	**29.3**	**119.3**

Tethys Oil sells all of its oil to 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. Tethys Oil's average selling price is based on the monthly average price of the two month future contract of Oman blend as traded on the Dubai Mercantile Exchange, including trading and quality adjustments.

Note 4) Net financial result

MUSD	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Financial income:				
Interest income	-	-	-	-
Gain on currency exchange rates	1.1	1.9	0.1	3.0
Other financial income	-	-	-	-
Financial costs:				
Interest costs	-0.0	-0.1	-0.1	-0.2
Currency exchange losses	-2.3	-0.3	-2.3	-6.9
Other financial costs	-0.1	-0.4	-0.3	-1.2
Net financial result	**-1.3**	**1.1**	**-2.6**	**-5.3**

Note 5) Oil and gas properties

Country	Licence	Phase	Tethys share	Book value 31 Dec 2017	Additions Jan-Mar 2018	DD&A Jan-Mar 2018	Book value 31 Mar 2018
Oman	Blocks 3&4	Prod.	30%	**189.1**	**13.6**	**-11.2**	**191.5**
Oman	Block 49	Expl.	100%	**0.4**	**0.1**	**-**	**0.5**
France	Attila	Expl.	40%	**-**	**-**	**-**	**-**
New ventures				**0.2**	**0.1**	**-**	**0.3**
Total				**189.7**	**13.8**	**-11.2**	**192.3**

Note 6) Loan facility

Tethys Oil has since 2014 had a four-year, up to MUSD 100, senior revolving reserve based lending facility (the "Facility"). Security for the Facility was the interest in the Blocks 3&4 licence. The Facility matured at the end of February 2018.

Note 7) Provisions

Tethys Oil estimates that Tethys Oil's share of site restoration regarding Blocks 3&4 amounts to MUSD 6.2 (MUSD 6.1). As a consequence of this provision, oil and gas properties have increased with an equal amount. The change in provision follows an annual review of the site restoration calculation where the number of wells drilled is one of the main components that affect the provision's net present value.

Tethys Oil accounted during the fourth quarter 2016 for the effects of a fiscal metering calibration error resulting in over-reporting of exported oil from Blocks 3&4, affecting fourth quarter 2016 and full year 2016 revenue and result negatively by MUSD 5.9. The error amount will be repaid in cash according to a repayment schedule over a five year period and Tethys Oil estimates that the negative undiscounted net cash effect for Tethys Oil will be less than MUSD 1.4. The mechanism for the full settlement details are being discussed, but Tethys Oil expects that the final settlement will reflect the relevant agreements.

Tethys Oil has a non-current provision of MUSD 2.8 and a current provision of MUSD 1.0 related to the Export Reporting Error that had an estimated total error amount of MUSD 5.9. The Export Reporting Error amount repayment during the first quarter 2018 amounted to MUSD 0.3 resulting a total amount remaining to be settled of MUSD 3.8 as at 31 March 2018.

Note 8) Incentive programme

Tethys Oil has an incentive programme as part of the remuneration package to employees. Warrants were issued in 2015, 2016 and 2017 respectively, following a decision by the respective AGM.

No warrants were issued or exercised during the first quarter 2018.

Warrant incentive programme	Exercise period	Subscription price, SEK	Number of warrants 1 Jan 2018	Issued 2018	Expired 2018	Exercised 2018	31 Mar 2018
2015 incentive programme	23 May - 5 Oct, 2018	76.8	**356,000**	0	0	0	**356,000**
2016 incentive programme	28 May - 4 Oct, 2019	62.6	**350,000**	0	0	0	**350,000**
2017 incentive programme	30 May – 2 Oct 2020	85.5	**350,000**	0	0	0	**350,000**
Total			**1,056,000**	**0**	**0**	**0**	**1,056,000**

As the subscription price is below the share price for one tranche of the incentive program as per the end of the reporting period, the warrants of this tranche are included in the diluted number of shares which amount to 35,895,500 per 31 March 2018. If the subscription prices have been below the share price during the reporting period the dilution effects have been included in the weighted average number of shares in circulation after dilution.

Note 9) Pledged assets
Pledged assets in the parent company amounts to MSEK 0.5 (0.5) and relate to a pledge in relation to office rental.

Note 10) Contingent liabilities
There are no outstanding contingent liabilities as per 31 March 2018, nor for the comparative period.

Note 11) Related party transactions
In the Tethys Oil Group, Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company. Material subsidiaries include Tethys Oil Oman Limited, Tethys Oil Block 3&4 Limited, Tethys Oil Montasar Limited, Tethys Oil France AB and Tethys Oil Exploration AB.

During the period, the Company entered into the following significant transactions with related parties:

MSEK Transactions with group companies	First quarter 2018	Fourth quarter 2017	First quarter 2017	Full year 2017
Interest income	3.4	3.7	3.5	15.0
Other income	1.5	2.2	2.0	10.9
Dividends received	-	126.5	-	126.5
Group contributions	-	-	-	-
Shareholder contributions	-0.0	-0.2	-0.0	-2.9
Total	**4.9**	**132.2**	**5.5**	**149.5**

MSEK Balance with related parties	31 Mar 2018	31 Dec 2017
Receivable from group companies	185.9	355.6
Total	**185.9**	**355.6**

MSEK Balance with related parties	31 Mar 2018	31 Dec 2017
Payable to group companies	34.4	35.2
Total	**34.4**	**35.2**

The receivables or payables from related parties arise from the net of purchased services and upstreamed or downstreamed funds between parent and subsidiaries. The interest rates on receivables is in the range of LIBOR +4-6% per annum. Receivables are long term in duration and unsecured in nature. Payables are short term in duration, unsecured in nature and bear no interest.

FINANCIAL CALENDAR:

Annual general meeting 2018 is planned to be held in Stockholm on 9 May 2018

Report for second quarter 2018 (January – June 2018) on 14 August 2018

Report for third quarter 2018 (January – September 2018) on 6 November 2018

Report for fourth quarter 2018 (January – December 2018) on 12 February 2019

Report for first quarter 2019 (January – March 2019) on 7 May 2019

Stockholm, 8 May 2018

Tethys Oil AB (publ)
Org. No. 556615-8266

Magnus Nordin
Managing Director

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

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CONFERENCE CALL
Date: 8 May 2018
Time: 10.00 CET

To participate in the conference call you may choose one of the following options:

Link to webcast: https://edge.media-server.com/m6/p/izhhdz3c

To participate via phone, please call:
Sweden: +46 8 505 564 74
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