

TETHYS OIL

Fourth quarter and
year end report 2014



Fourth quarter and year end report 2014

- As per 31 December 2014 audited reserves Block 3&4 Oman net to Tethys:
 - 1P reserves 11,794 thousand barrels (10,800)
 - 2P reserves 17,779 thousand barrels (15,201)
 - 3P reserves 25,080 thousand barrels (19,968)
- The increase in 2P reserves represents an internal reserve replacement ratio of 193 per cent
- Fourth quarter 2014 net sales of MSEK 310 compared to MSEK 296 in the third quarter 2014, an increase with 5 per cent quarter on quarter. The net sales development is primarily based on moving from an underlift position to an overlift position
- Net cash position of MSEK 347 as per 31 December 2014 compared to MSEK 161 as per 30 September 2014. The currency exchange effect on cash and cash equivalents amounted during the fourth quarter 2014 to MSEK 40, which has positively affected net result
- Fourth quarter production was in line with third quarter 2014. Total production amounted to 768,226 barrels corresponding to 8,350 barrels per day
- Net result after tax during fourth quarter 2014 amounted to MSEK 18 and was negatively affected by a MSEK 127 write down related to Lithuanian producing asset Gargzdai. The result is down 89 per cent compared to MSEK 167 during third quarter 2014
- Fourth quarter 2014 earnings per share before and after dilution of SEK 0.51 compared to SEK 4.71 during third quarter 2014

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	% Q4 2014 to Q3 2014	MSEK (unless specifically stated)	Full year 2014	Full year 2013	% FY 2014 to FY 2013
499,028	772,722	768,226	-1%	Production, before government take (bbl)	2,804,240	1,709,706	64%
5,424	8,399	8,350	-1%	Average daily production, before government take (bbl)	7,692	4,684	64%
271,175	399,352	434,035	9%	Net sales, after government take (bbl)	1,464,228	850,926	72%
108.47	107.57	97.09	-10%	Average selling price per barrel, USD	103.87	106.63	-3%
193	296	310	5%	Net sales of oil and gas	1,046	592	77%
52	173	14	-92%	Operating result	404	285	42%
148	232	200	-14%	EBITDA	753	479	57%
45	167	18	-89%	Result for the period	350	240	46%
1.26	4.71	0.51	-89%	Earnings per share before and after dilution, SEK	9.86	6.76	46%
127	(161)	(347)	116%	Net debt/(net cash)	(347)	127	-373%
80	45	101	124%	Investments	259	290	-11%

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

Dear Friends and Investors

Let us stand back for a second and ask ourselves a question:

What can we realistically expect of a year if we are an oil company?

Rising production is nice and increase in reserves even nicer. Record cash flow for each consecutive quarter, and of course for the full year, is pretty basic. A strong balance sheet, an untapped up to MUSD 100 credit facility and more than a third of a billion SEK in net cash position is very nice to have. All that did Tethys deliver and, to top it off, we also added record production for almost all 12 months of the year.

The story would have been perfect, if it wasn't for the dramatic last quarter of the year – the collapse of the oil price. We have experienced the largest nominal drop in oil prices ever and the largest percentage drop in more than 30 years (with the exception for the financial anomaly in 2008 and 2009). Unless there is a sharp rebound quickly, this new level is going to have a profound impact on our industry. Expensive future projects are going to be shelved, high cost production (read primarily unconventional) will be shut in and weaker players will seek to merge with stronger players (or if you wish, strong players will prey on weaker players).

Fortunately, Tethys is today one of the strongest players in our peer group. We are proud to report yet another quarter with record high sales. In the fourth quarter, our sales amounted to MSEK 310. Our EBITDA for the quarter amounted to MSEK 200, representing a slight decrease compared to the third quarter 2014. Following a write down of MSEK 127 related to our producing Lithuanian assets, our net result for the quarter fell to MSEK 18. The non-cash write down is a consequence of the significantly lower oil prices, but if the oil prices are to recover, the asset could start generating value for us again.

We end the year with yet another strong reserve report. In 2014, we had an internal reserve replacement ratio of 193 per cent and our 2P reserves now stand at 17.8 million barrels of oil. Our oil production remained stable in the fourth quarter,

and we end the year with a new record high monthly production in December of 8,438 barrels of oil per day. Let me also emphasize that our project remains robust even at an oil price of USD 50 per barrel. We would, with the present production volumes and everything else equal, generate an annual operating cash flow of MUSD 40-50 even at an oil price of USD 50 per barrel.

Outlook

Let us turn to the future and look at Tethys in 2015. Following the oil price development, our investment plans for the year are currently being revised. But we know our direction, and expect a large part of the upcoming year's operating cash flow to be reinvested in Blocks 3 and 4 onshore Oman. This gives us every reason to expect that our reserves and our production will continue to increase also during 2015.

The Lower Buah area on Block 4, that delivered most of the growth in 2014, will continue to be in focus in 2015. The strong growth in reserves and production during the first six months resulted in an upgrade and revision of the geological model for the Lower Buah area, and focus during the second half of the year was on interpretation of data. Important insights were reached, which are to be implemented during 2015. Among these insights, water injection is expected to have a very strong impact on the production from Lower Buah, and an injection programme has been launched early in 2015.

New leads in the Lower Buah area continue to be identified as seismic interpretation goes on and the geological understanding of the area increases. We expect to employ at least one rig full time during all of 2015 in this area of Block 4. Seismic studies in other parts of the Blocks will continue and we also expect drilling activity in and around the producing Farha area and in some of the areas where seismic studies have recently been completed.

As noted above, our balance sheet is extremely strong, which presents us with a number of pleasant choices. The fall in oil prices has opened up, and continues to open up, a number of interesting oppor-



tunities and we are actively sourcing and evaluating potential new projects.

We are also monitoring our capital needs for investments in our current portfolio. We may very well have seen the end of falling oil prices, but for the time being we believe that a general cash reserve should be kept to offer protection if oil prices were to fall further. And last, but not least, we are aware that we are currently over-capitalized, which calls for close monitoring of ways to distribute cash to our shareholders. We launched a share buy-back programme in 2014, but other means of distribution to our shareholders are also being evaluated. How these choices play out is to a large part dependent on how the oil price evolves, since that is one of the most important parameters when evaluating our investment needs and opportunities.

So stay with us – the drama is back in the oil business, and we intend to rise to the challenge!

Stockholm in February 2015

Magnus Nordin
Managing director

Financial and operational review¹

Production, reserves and net sales

Production

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

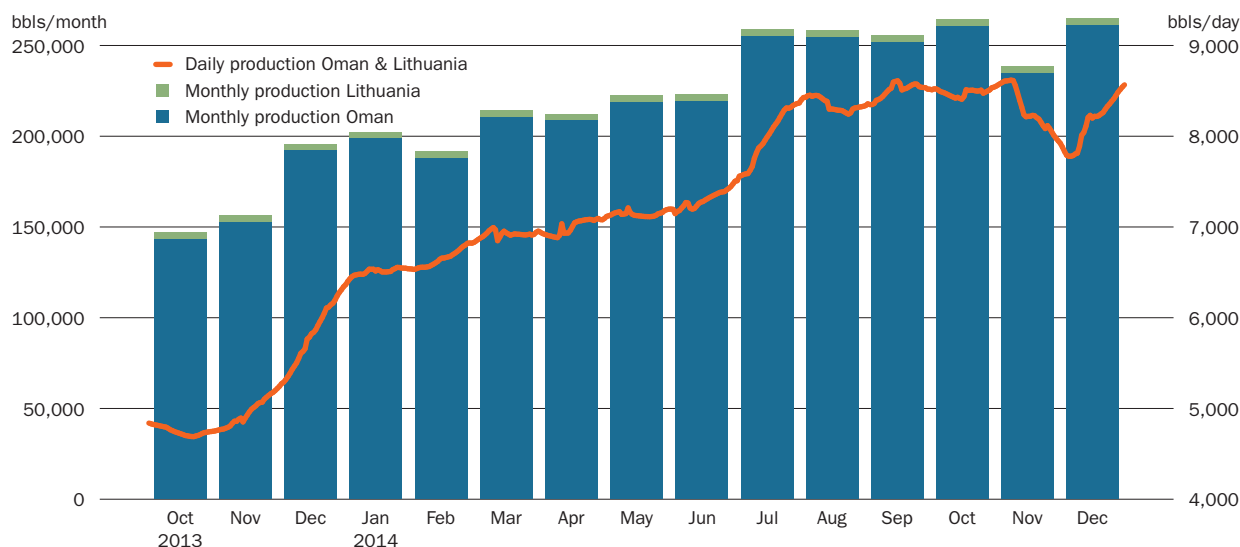
Production from Blocks 3 and 4 onshore Oman derives from two fields – the Farha South and Saiwan East oil fields – and from the Lower Buah structures within Block 4 exploration areas. The production development has mainly been driven by continued implementation of the water injection programme on Farha South and from the successful exploration and appraisal results from the Lower Buah structures. Production from Oman accounts for 99 per cent of total production.

During the fourth quarter 2014, the Blocks 3 and 4 Joint Venture's share of production has continued to be 52 per cent of total production, which is the highest possible share of production according to the terms of the EPSA. Tethys Oil's share of the Joint Venture is 30 per cent. For further information regarding Tethys Oil's share of production, please refer to the Annual Report 2013. The high share of production will remain as long as there are remaining recoverable costs, which are created through further investments in the blocks. The estimated recoverable costs as per 31 December 2014, net to Tethys Oil, amounts to MUS\$ 49.

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

Quarterly volumes, before government take	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
<i>Tethys' share of quarterly production, (bbl)</i>					
Oman, Block 3&4					
Production	757,730	762,375	647,569	597,979	488,522
Average daily production	8,236	8,287	7,116	6,644	5,310
Lithuania, Gargzdai					
Production	10,496	10,347	10,554	10,603	10,507
Average daily production	114	112	116	118	114
Total production	768,226	772,722	658,123	608,582	499,028
Total average daily production	8,350	8,399	7,232	6,762	5,424

Tethys Oil's daily and monthly production during 2013 and 2014



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 full year 2014. Segments of the Group are geographical markets. The numbers in the tables in this report may not add exactly due to rounding.

Reserves

Oman

Tethys Oil's net working interest reserves in the Sultanate of Oman as per 31 December 2014, amounted to 11,794 thousand barrels of oil ("mbo") of proven reserves (1P), 17,779 mbo of proven and probable reserves (2P) and 25,080 mbo of proven, probable and possible reserves (3P).

Development of reserves

(Audited by DeGolyer and MacNaughton)

mbo	1P	2P	3P
Total 31 Dec 2013	10,800	15,201	19,968
Production 2014	-2,759	-2,759	-2,759
Revisions	2,116	2,858	4,136
Discoveries	1,637	2,479	3,735
Total 31 Dec 2014	11,794	17,779	25,080

In 2014 Tethys Oil added 1P reserves of 3,753 mbo, representing an increase of 35 per cent. The company added 2P reserves 5,337 mbo, representing an increase of 35 per cent. The 3P reserves increased with 7,871 mbo, representing an increase of 39 per cent. The increase in 2P reserves represents an internal reserve replacement ratio of 193 per cent.

Reserves, 31 December 2014

(Audited by DeGolyer and MacNaughton)

mbo	1P	2P	3P
Farha South Field, Oman	8,303	11,186	13,285
Saiwan East Field, Oman*	499	1,266	2,940
Lower Buah area, Oman	2,992	5,327	8,855
Total*	11,794	17,779	25,080

* Numbers may not add up due to rounding.

The reserves in the Farha South field are from the Barik reservoir section only. The reserves in the Saiwan East field, which includes the B4EW3

area, are in the Khufai reservoir. The reserves in the Lower Buah area are in the Lower Buah and Khufai and Lower al Bashir reservoir.

The review of the reserves in Oman has been conducted by independent petroleum consultant DeGolyer and MacNaughton ("D&M"). The report has been calculated using 2007 Petroleum Resources Management System (PRMS), Guidelines of the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

As a consequence of the low oil price, the Lithuanian reserves are deemed sub-economic and are not included as reserves as per 31 December 2014.

Net sales

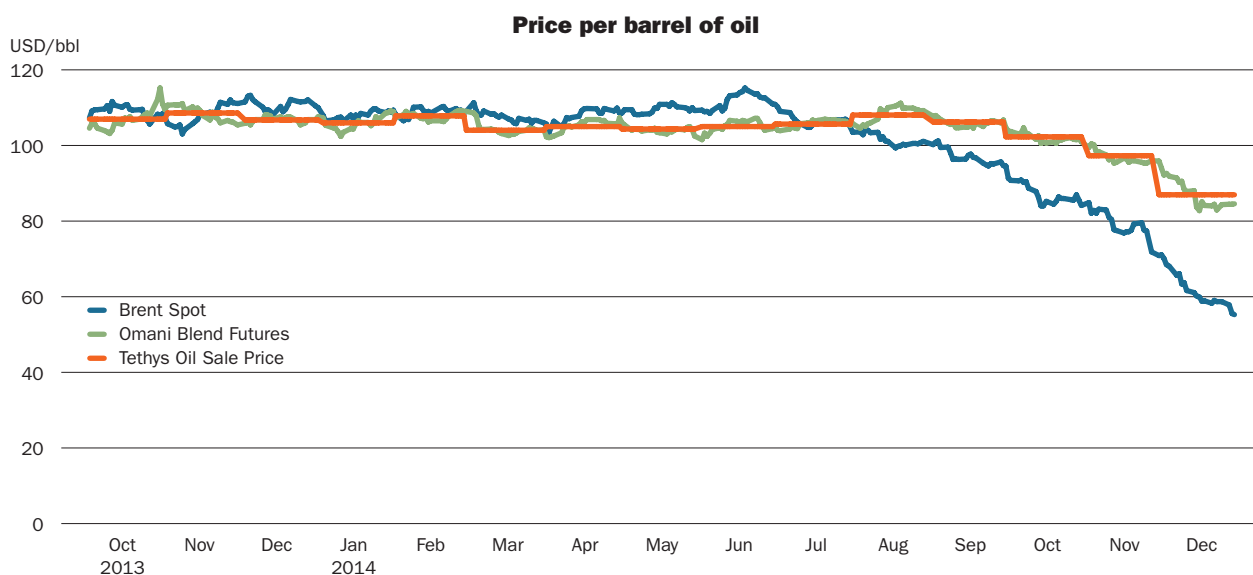
During the fourth quarter 2014, Tethys Oil sold 434,035 barrels of oil after government take from Block 3 and 4 in Oman compared to 399,352 during the third quarter 2014. This resulted in net sales during the fourth quarter 2014 of MSEK 310 compared to MSEK 296 during the third quarter 2014. The average selling price per barrel amounted to USD 97 per barrel during the fourth quarter 2014 compared to USD 108 per barrel during the third quarter 2014.

The growth in net sales between the fourth and the third quarter 2014 amounted to 5 per cent. This growth is explained by:

- 9 per cent growth in barrels sold
- 8 per cent strengthening of the US dollar in relation to SEK
- 10 per cent decrease in the achieved oil price

The table below presents the over/underlift development during the year. The movement during the fourth quarter has been 40,016 barrels, which was the largest movement during the year.

Barrels	31 Dec 2014	30 Sep 2014	30 Jun 2014	31 Mar 2014	31 Dec 2013
Over/(underlift)	12,828	(27,188)	(30,105)	(43,428)	(13,261)



Source: EIA, Dubai Mercantile Exchange

The selling price received by Tethys Oil is determined for each calendar month based on the monthly average price of the two month future contract of *Omani blend* (see chart previous page) as traded on Dubai Mercantile Exchange. During the fourth quarter 2014, prices have been trading between high levels of USD 105 per barrel and low levels of USD 83 per barrel. Fourth quarter 2014 prices are 10 per cent lower compared to the third quarter. The achieved oil price is only 10 per cent down due to the two month future price mechanism, and the significantly lower oil spot prices during the months of November, December and January will come in effect during the first quarter 2015 and significantly affect net sales and accordingly net result.

Result

Tethys Oil reports a net result after tax for the fourth quarter 2014 of MSEK 18, representing earnings per share of SEK 0.51. The result for the fourth quarter 2014 is down 89 per cent compared to the third quarter 2014 due mainly to an MSEK 127 write down of the value in associated companies related to the Lithuanian production licence Gargzdai. The write down is non-cash related item and is based on an impairment of the Lithuanian asset. The sharp decrease in oil prices is the explanation of the impairment and remaining assets relating to Lithuania amounting to MSEK 41 is related to the exploration potential of the three licenses in Lithuania. Current production from Lithuania is not commercial under current oil prices. Removing the one-off effect of the write down, the net result is down 13 per cent compared to the third quarter, mainly related to higher OPEX. The result for the full year 2014 is 46 per cent higher than the full year 2013. If adjusted for impairment and the one-off bonus received from Mitsui during 2013, following the approval of the Field Development Plan, the net result for 2014 is up 173 per cent.

Net profit from associated companies

Tethys Oil holds indirect interest in the three Lithuanian licences; Gargzdai, Rietavas and Raseiniai. Tethys Oil holds a share in these licences through the interests in associated companies Jylland Olie and Odin Energi. Total result from Tethys Oils shares in associated companies Odin Energi and Jylland Olie during the fourth quarter 2014 amounted to MSEK -133 compared to MSEK 0.1 during the third quarter 2014. As described above, the write down of shares in associated company Odin Energi of MSEK 127 is included in the result from associated companies.

Net financial result

The result for the full year 2014 has been impacted by net foreign exchange losses and interest on long term debt. The currency exchange effect of the group amounts to MSEK 18 and most of the effect relates to the stronger US dollar in relation to the Swedish krona. Currency translation differences between the parent company and subsidiaries are non-cash related items. Interest on long term debt amounted to MSEK 32 and other financial expenditures related to expired put options and early redemption costs related to the bond loan amounted to MSEK 17. The currency exchange effect and interest on long term debt is part of net financial result amounting to MSEK 4 for the fourth quarter. The positive financial result during the fourth quarter 2014 comes mainly from income from put options amounting to MSEK 14.

The financial result of the full year 2014 is affected by the bond redemption conducted during the second quarter 2014. The total expenditures related to the bond loan amounted during the full year 2014 to MSEK 34, where the extraordinary effect of the early redemption, including extra interest payment and expensing all associated costs with the bond financing, amounted to MSEK 23.

Depletion, depreciation and amortisation

DD&A for the fourth quarter 2014 amounted to MSEK 50 compared to MSEK 58 for the third quarter 2014 and is referable to depletion of oil and gas properties on Blocks 3&4. An increase in reserves following the DeGolyer and MacNaughton reserves audit as per 30 June 2014 has resulted in a lower DD&A per barrel starting 1 July 2014.

Operating expenses

Operating expenses (OPEX) amounted during the fourth quarter 2014 to MSEK 102 compared to MSEK 57 during the third quarter 2014. Operating expenses are related to oil and gas production on Blocks 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. Furthermore, over and underlift adjustments are made within the Operating expenses category, in accordance with Tethys Oil's accounting principles. Due to an overlift position as per 31 December 2014 amounting to 12,828 barrels, the Operating expenses during the fourth quarter 2014 have increased by MSEK 10.

The increase in OPEX during the fourth quarter compared to the third quarter 2014 is furthermore due to a reservation made for expected but not yet billed OPEX and increased OPEX due to overlift. Tethys Oil's OPEX is its share of the joint venture OPEX related to Blocks 3 and 4 and Tethys Oil is depending on information from the operator. Without this information, Tethys Oil has to make reservations based on judgement. For further information regarding OPEX, see note 5.

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

Administrative expenses

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

Investments and work program

Omani assets

During the fourth quarter 2014, total investments amounted to MSEK 100 of which MSEK 99 relate to Blocks 3 and 4.

During the fourth quarter, four wells were completed on Blocks 3 and 4. The appraisal of the Lower Buah area on Block 4 has continued with two new wells, including one side track. Both wells encountered oil and so far one well has been put in production. A water injection programme will be implemented in the Lower

Buah area to further increase production, and the first water injector well was completed.

In the eastern part of Block 4, the exploration well LE-1 was drilled. An oil sample was recovered from the well, indicating the presence of medium light oil, which suggests that a petroleum system may be active also in the eastern region of Block 4. With no previous well data in this area, LE-1 has given important new data of the area's lithology which will necessitate a reinterpretation of the seismic data previously collected. The well has been suspended to allow for further study.

3D seismic surveys have continued. Acquisition in the central part of Block 4 was completed in the fourth quarter and a new seismic survey has been launched in the northwest corner of the block.

During 2014, a total of 39 wells were completed on Blocks 3 and 4. The Farha South field on Block 3 was expanded by the drilling of 9 production wells. In addition, four wells were drilled on previously undrilled fault blocks along the Farha trend, two of which encountered oil and were put into production.

The major drilling activity for the year was in the Lower Buah area, where the appraisal development programme has been very successful resulting in increased production and increased reserves. A total of 10 wells were drilled in 2014 and the Lower Buah area will remain in focus in 2015. A vast amount of data was collected during the year, allowing for a major expansion of the geological model of the area with a view to enhance the understanding of the petroleum system.

The production enhancing water injection programme tallied a total of 10 water injector wells and five water source wells during the year.

Discussions regarding the future of Block 15 are ongoing.

Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK 200, which are not cash related items and therefore not included in investments. For more information please see above under *Result – Net financial result*.

Lithuanian assets

Tethys Oil's interests in three Lithuanian licences are held through two private Danish companies. For more information regarding the ownership structure, please refer to note 8. As per 31 December 2014 the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 41. The book value has been affected by a write down of shares in Odin Energi. The write down is based on an impairment test of the production licence Gargzdai where the sharp decline in oil price has made the current production sub commercial. The write down amounted to MSEK 127. The remaining amount relate to the exploration potential of the three licences.

Tethys Oil's share of net profit during the fourth quarter 2014 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK -134 compared to MSEK 0.1 during third quarter 2014. During the fourth quarter 2014, Tethys Oil's indirect share of barrels sold was 10,461 barrels which were sold at an average price of USD 90 per barrel, compared to 10,665 barrels at an average price of USD 107 per barrel during the third quarter 2014. During the second quarter 2014, Tethys Oil received a dividend from the Lithuanian assets of MSEK 11.

In the Gargzdai licence, water has been injected in 7 wells averaging 55,000 m3 per month during the fourth quarter. Evaluation is ongoing, but the results are not expected before the second quarter 2015.

In the Raseiniai licence, three out of the eight Silurian reef prospects mapped by last year's 3D seismic study are planned to be

Summary of oil and gas interests (MSEK):

Country	Licence	Tethys Oil %	Total area, km ²	Partners (operator in bold)	Book value 31 Dec 2014	Book value 31 Dec 2013	Investments Jan–Dec 2014
Oman	Block 15	40%	1,389	Odin Energy , Tethys Oil	7	0.2	6
Oman	Block 3,4	30%	34,610	CCED , Mitsui, Tethys Oil	1,296	1,011	263
France	Attila	40%	1,986	Galli Coz , Tethys Oil	–	–	1
France	Alès	37.5%	215	Tethys Oil , MouvOil	–	–	–
Lithuania	Gargzdai ²	25%	884	Odin , GeoNafta, Tethys Oil	–	–	–
Lithuania	Rietavas ²	30%	1,594	Odin , Tethys Oil, private investors	–	–	–
Lithuania	Raseiniai ²	30%	1,535	Odin , Tethys Oil, private investors	–	–	–
New ventures					–	0.1	–
Total			42,794		1,303	1,012	269

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.

drilled back to back with expected start early in the second quarter after all relevant permits have been obtained.

In the Rietavas licence, acquisition of 30 km² of 3D seismic commenced in December in the Silale area in the western part of the licence and is expected to be completed in the first quarter 2015.

Liquidity and financing

Net cash position as per 31 December 2014 amounted to MSEK 347 compared to a net debt position of MSEK 127 as per 31 December 2013.

The net debt development is explained by the repayment of a bond loan with nominal value MSEK 400 which was conducted during the second quarter. The bond was replaced by a four-year, up to MUSD 100, senior revolving reserve based lending facility with BNP Paribas as facility agent. During the second quarter, Tethys exercised its option for early redemption of the bonds and redeemed all outstanding bonds. The early redemption price was 104.50 per cent of the nominal amount of the bonds plus accrued unpaid interest. The payment and redemption occurred 7 April 2014. The interest rate of the new credit facility is floating between LIBOR + 3.75 per cent to LIBOR + 4.00 per cent per annum, depending on the level of utilization of the facility. As per 31 December 2014, there was no outstanding debt, i.e. nothing was borrowed from the new credit facility.

The reduction of net debt during the full year 2014 is explained by the strong sales development on Blocks 3&4, which has been significantly higher than the oil and gas investments during the same period.

The development of Blocks 3&4 continues, with a main focus on exploration, appraisal and a water injection programme to enhance production. Lead times to bring discoveries to production remain very short. Tethys Oil's share of the of the original total Joint Venture investment budget for 2014 on Blocks 3&4, amounted to around MUSD 60 (MSEK 400). Actual investments in Blocks 3 and 4 during 2014 amounted to MUSD 38 (MSEK 263). Main reasons for investments being lower than budget are

- some infrastructure investments have been pushed forward as the successful Lower Buah appraisal programme has impacted infrastructure planning
- fewer wells have been drilled than anticipated in the budget due to, among other things, changes to the drilling programme following new data

The Blocks 3 and 4 investment budget 2015 will continue to focus on development and appraisal. Following the oil price development, Tethys Oil's investment plans, including the capex budget, for 2015 is currently being revised. The target is however to fund investments on the Blocks from available funds and from cash flow from operations.

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

A large part of cash and cash equivalents are kept in USD which has appreciated against SEK during the fourth quarter. The currency exchange effect on cash and cash equivalents amounted during the fourth quarter 2014 to MSEK 40.

Derivative instruments

As per 31 December 2014, Tethys Oil has no oil price put options (Brent) outstanding, compared to 30 September 2014 where oil price put options amounted to MSEK 0.9. During the fourth quarter 2014 195,000 put options expired and following the falling oil prices, the put options generated an income of MSEK 14. The put options were acquired for MSEK 6 to secure oil price at USD 90 per barrel. There are no hedges in place for 2015.

Parent company

The Parent company reports a net result after tax for the fourth quarter 2014 amounting to MSEK 89 compared to MSEK -11 for the third quarter 2014. Administrative expenses amounted to MSEK 5 for the fourth quarter 2014 compared to MSEK 5 for the third quarter 2014. Net financial profit amounted to MSEK 218 during the fourth quarter 2014 compared to MSEK -4 for the third quarter 2014. The net financial profit is explained by anticipated dividend from group companies of MSEK 212 and income from sale of put options of MSEK 14 related to the oil price hedge, however reduced by currency exchange losses. The significant improvement of financial expenditures relate to the refinancing of the previous bond loan to a loan facility. The bond loan was held by the parent company and the new loan facility is held by the subsidiary Tethys Oil Blocks 3&4 Ltd.

Share data

As per 31 December 2014, the number of outstanding shares in Tethys Oil amount to 35,543,750, with a quota value of SEK 0.17. All shares represent one vote each. Tethys Oil does not have any incentive program for employees. There has been no change in the number of outstanding shares since 31 December 2013.

As per 31 December 2014, Tethys Oil held 298,160 of its own shares which were purchased during the fourth quarter at an average price of SEK 68.0. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,245,590.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 19.

Dividend

The board of directors propose that no dividend be paid for the year.

Subsequent events

- As per 31 December 2014 audited reserves Block 3&4 Oman net to Tethys:
 - o 1P reserves 11,794 thousand barrels (10,800)
 - o 2P reserves 17,779 thousand barrels (15,201)
 - o 3P reserves 25,080 thousand barrels (19,968)

Consolidated statement of comprehensive income in summary

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	MSEK	Note	12 months 2014	12 months 2013
193	296	310	Net sales of oil and gas		1,046	592
-41	-58	-50	Depletion, depreciation and amortisation		-214	-138
-55	-	-1	Exploration costs	4	-1	-56
-	-	-	Other income	6	-	65
-37	-57	-102	Operating expenses	5	-264	-152
-1	0	-134	Net result from associates		-133	5
-	-	-	Other losses/gains, net		-	-
-8	-8	-8	Administrative expenses		-31	-31
52	173	14	Operating result		404	285
1	2	19	Financial income and similar items		21	5
-8	-8	-15	Financial expenses and similar items	7	-75	-50
-7	-6	4	Net financial loss/profit		-53	-45
45	167	18	Result before tax		350	240
-	-	-	Income tax		-	-
45	167	18	Result for the period		350	240
Other comprehensive result						
Items that may be subsequently reclassified to profit or loss:						
9	95	131	Currency translation differences		245	0
9	95	131	Other comprehensive result for the period		245	0
53	263	149	Total comprehensive result for the period		595	240
35,543,750	35,543,750	35,543,750	Number of shares outstanding		35,543,750	35,543,750
35,543,750	35,543,750	35,543,750	Number of shares outstanding (after dilution)		35,543,750	35,543,750
35,543,750	35,543,750	35,466,648	Weighted number of shares		35,524,316	35,543,750
1.26	4.71	0.51	Earnings per share, SEK		9.86	6.76
1.26	4.71	0.51	Earnings per share (after dilution), SEK		9.86	6.76

Consolidated balance sheet in summary

MSEK	Note	31 Dec 2014	30 Sep 2014	31 Dec 2013
ASSETS				
Non current assets				
Oil and gas properties	4	1,303	1,121	1,012
Office equipment		1	1	2
Investment in associates	8	41	167	184
		1,345	1,290	1,198
Current assets				
Other receivables		80	116	65
Prepaid expenses		19	18	1
Derivative instruments	7	-	1	5
Cash and cash equivalents		372	194	295
		471	329	366
TOTAL ASSETS		1,816	1,619	1,563
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		6	6	6
Additional paid in capital		552	552	552
Other reserves		198	88	-27
Retained earnings		919	901	569
Total shareholders' equity	9	1,675	1,547	1,100
Non current liabilities				
Bond issue	10	-	-	393
Loan facility		-	-	-
Provisions	11	25	33	29
		25	33	422
Current liabilities				
Accounts payable		2	1	1
Other current liabilities		110	37	25
Accrued expenses		2	1	15
		115	39	41
Total liabilities		141	72	463
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,816	1,619	1,563
Pledged assets	12	1,789	1,512	989
Contingent liabilities	13	-	-	-

Consolidated statement of changes in equity in summary

MSEK	Share capital	Paid in capital	Other reserves	Retained earnings	Total equity
Opening balance 1 January 2013	6	552	-27	329	860
Comprehensive income					
Result for the first quarter 2013	-	-	-	105	105
Result for the second quarter 2013	-	-	-	39	39
Result for the third quarter 2013	-	-	-	52	52
Result for the fourth quarter 2013	-	-	-	45	45
Year end result	-	-	-	240	240
Other Comprehensive income					
Currency translation differences first quarter 2013	-	-	-16	-	-16
Currency translation differences second quarter 2013	-	-	2	-	2
Currency translation differences third quarter 2013	-	-	5	-	5
Currency translation differences fourth quarter 2013	-	-	9	-	9
Total other comprehensive income	-	-	0	-	0
Total comprehensive income	-	-	0	240	240
Closing balance 31 December 2013	6	552	-27	569	1,100
Opening balance 1 January 2014	6	552	-27	569	1,100
Comprehensive income					
Result for the first quarter 2014	-	-	-	58	58
Result for the second quarter 2014	-	-	-	107	107
Result for the third quarter 2014	-	-	-	167	167
Result for the fourth quarter 2014	-	-	-	18	18
Year end result	-	-	-	350	350
Other Comprehensive income					
Currency translation differences first quarter 2014	-	-	-31	-	-31
Currency translation differences second quarter 2014	-	-	50	-	50
Currency translation differences third quarter 2014	-	-	95	-	95
Currency translation differences fourth quarter 2014	-	-	131	-	131
Total other comprehensive income	-	-	245	-	245
Total comprehensive income	-	-	219	919	1,696
Transactions with owners					
Purchase of own shares	-	-	-20	-	-20
Total transactions with owners	-	-	-20	-	-20
Closing balance 31 December 2014	6	552	198	919	1,675

Consolidated cash flow statement in summary

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	MSEK	Note	12 months 2014	12 months 2013
Cash flow from operations						
52	173	14	Operating result		404	285
0	0	0	Interest received		0	0
-	-1	-2	Interest paid	10	-44	-38
-0	0	-	Income tax		-	-0
55	0	1	Adjustment for exploration costs	4	1	56
42	57	158	Adjustment for depletion, depreciation and other non cash related items	4,8	313	138
150	229	171	Total cash flow from operations before change in working capital		673	442
-13	-24	35	Change in receivables		-16	-49
-10	-14	39	Change in liabilities		49	-56
127	192	245	Cash flow from operations		707	336
Investment activity						
-73	-44	-100	Investment in oil and gas properties	4	-269	-275
-0	-0	-	Oil and gas properties from cost oil repayment	6	-	-15
-	-	-	Dividend from associated companies	8	11	9
-1	-	-	Investment in other fixed assets		0	-1
-6	-	-	Investment in derivative instruments		-	-6
-80	-45	-101	Cash flow from investment activity		-259	-289
Financing activity						
-	-	-19	Purchase of own shares		-19	-
-	-	-	Bond repayment		-400	-
-	-2	-1	Long term credit facility		-21	-
-	-	14	Gain on derivative instruments		14	-
-	-	-6	Cash flow from financing activity		-426	-
47	145	138	Period cash flow		22	48
246	33	194	Cash and cash equivalents at the beginning of the period		295	248
3	15	40	Exchange gains/losses on cash and cash equivalents		55	-1
295	194	372	Cash and cash equivalents at the end of the period		372	295

Parent company income statement in summary

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	MSEK	Note	12 months 2014	12 months 2013
-	-	-	Net sales of oil and gas		-	-
-	-4	8	Depletion, depreciation and amortisation		-	-
1	2	2	Other income		9	5
-1	-	-134	Net result of associates	8	-133	5
-	0	-	Other losses/gains, net		-	-
-5	-5	-5	Administrative expenses		-20	-22
-5	-7	-129	Operating result		-145	-12
5	2	230	Financial income and similar items		238	20
-8	-6	-10	Financial expenses and similar items	10	-65	-49
-61	-	-1	Write down of shares in group company		-2	-62
-64	-4	218	Net financial result		171	-91
-68	-11	89	Result before tax		26	-103
-	-	-	Income tax		-	-
-68	-11	89	Result for the period*		26	-103
35,543,750	35,543,750	35,543,750	Number of shares outstanding	9	35,543,750	35,543,750
35,543,750	35,543,750	35,543,750	Number of shares outstanding (after dilution)	9	35,543,750	35,543,750
35,543,750	35,543,750	35,466,648	Weighted number of shares	9	35,524,316	35,543,750

* As there are no items in the parent company's other comprehensive income, no separate report on total comprehensive income is presented.

Parent company balance sheet in summary

MSEK	Note	31 Dec 2014	30 Sep 2014	31 Dec 2013
ASSETS				
Total non current assets		173	207	551
Total current assets		17	10	36
TOTAL ASSETS		191	217	588
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	9	184	116	179
Total non current liabilities	10	-	-	393
Total current liabilities		6	102	16
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		191	217	588
Pledged assets	12	1	1	989
Contingent liabilities	13	-	-	-

Parent company statement of changes in equity in summary

MSEK	Restricted equity		Non restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net result	
Opening balance 1 January 2013	6	71	481	-194	-83	281
Transfer of prior year net result	-	-	-	-83	83	-
Comprehensive income						
Loss for the first quarter 2013	-	-	-	-	-15	-15
Loss for the second quarter 2013	-	-	-	-	-14	-14
Loss for the third quarter 2013	-	-	-	-	-5	-5
Loss for the fourth quarter 2013	-	-	-	-	-68	-68
Year end result	-	-	-	-	-103	-103
Total comprehensive income	-	-	-	-	-103	-103
Closing balance 31 December 2013	6	71	481	-277	-103	179
Opening balance 1 January 2014	6	71	481	-277	-103	179
Transfer of prior year net result	-	-	-	-103	103	-
Comprehensive income						
Loss for the first quarter 2014	-	-	-	-	-21	-21
Loss for the second quarter 2014	-	-	-	-	-31	-31
Loss for the third quarter 2014	-	-	-	-	-11	-11
Result for the fourth quarter 2014	-	-	-	-	89	189
Year end result	-	-	-	-	26	26
Total comprehensive income	-	-	-	-	26	26
Transactions with owners						
Purchase of own shares	-	-	-20	-	-	-20
Total transactions with owners	-	-	-20	-	-	-20
Closing balance 31 December 2014	6	71	461	-379	26	184

Notes

General information

Tethys Oil AB (publ) ("the Company"), organisation number 556615-8266, and its subsidiaries (together "the Group" or "Tethys Oil") are focused on exploration for and production of oil and natural gas. The Group has interests in licences in Oman, Lithuania and France.

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

Accounting principles

The twelve months report 2014 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The twelve months report 2014 of the Parent company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 – "Accounting for legal entities", issued by the Swedish Financial Accounting Standards Council. The same accounting principles were used as described in the Annual report 2013.

Exchange rates

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

Currency	31 December 2014		30 September 2014		31 December 2013	
	2014 Aver-	2014	2014 Aver-	2014	2013 Aver-	2013
	age	Period end	age	Period end	age	Period end
SEK/CHF	7.53	7.91	7.45	7.67	7.05	7.40
SEK/EUR	9.15	9.53	9.09	9.28	8.68	9.03
SEK/LTL	2.64	2.70	2.63	2.69	2.52	2.55
SEK/USD	6.88	7.77	6.70	7.17	6.52	6.58

Fourth quarter 2014 comparison with fourth quarter 2013	Third quarter 2014	Effect of currency exchange rates on operating result, MSEK	Full year 2014 comparison with full year 2013
32	17	Net sales of oil and gas	54
-7	-3	Depreciation, depletion and amortization	-11
-	-	Exploration costs	-
-	-	Other income	-
-8	-4	Operating expenses	-14
-	-	Net profit/loss from associate	-
-	-	Other losses/gains, net	-
-0	-	Administrative expenses	-1
17	9	Summary of currency exchange rate effect on operating result	29

The table above presents the currency exchange effect on operating result compared with the above comparative periods, by applying the average exchange rate of the respective comparative period on the fourth quarter and twelve months 2014 accounts.

Fair value

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

IAS 39 valuation categories and related balance sheet items

MSEK	31 December 2014		
	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	80	-
Prepaid expenses	-	19	-
Cash and bank	-	372	-
Derivative instruments*	-	-	-
Debt	-	-	-
Accounts payables	-	-	2
Other current liabilities	-	-	110

MSEK	31 December 2013		
	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	65	-
Prepaid expenses	-	-	-
Cash and bank	-	295	-
Derivative instruments*	5	-	-
Debt	-	-	393
Accounts payables	-	-	1
Other current liabilities	-	-	25

* Note that Derivative instruments are put options. These instruments can be sold and are categorized as level 2 in accordance with IFRS 7. The valuation is made based on available market prices of the Brent oil price. The company has no derivative instruments as per 31 December 2014.

Note 1, Risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties which are continuously monitored and reviewed. The main risks and uncertainties are operational and financial risks described below.

Operational risk

At its current stage of development Tethys Oil is partly commercially producing oil and partly exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these different parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil and its partners will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil in all parts of operations as income and profitability is and will be dependent on prices prevailing from time to time. Significantly lower oil prices will reduce current and expected profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. There are no hedges as per 31 December 2014.

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

Financial risk

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

out that additional capital could be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need may occur during less favourable market conditions.

A more detailed analysis of the Group's risks and uncertainties and how the Group addresses these risks, are given in the Annual report for 2013.

Note 2, Net sales of oil and gas

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	Net sales	Full year 2014	Full year 2013
271,175	399,352	434,035	Barrels sold, bbl	1,464,228	850,926
193	296	310	Net sales, MSEK	1,046	592
108.47	107.57	97.09	Oil price, USD/bbl	103.87	106.63

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

Note 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-Dec 2014								
MSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	1,046	-	-	-	1,046
Depreciation, depletion and amortisation	-	-	-	-213	-	-	-	-213
Exploration costs	-	-1	-	-	-	-	-	-1
Other income	-	-	-	-	-	-	-	-
Operating expenses	-	-	-	-264	-	-	-	-264
Net result from associates	-	-	-133	-	-	-	-	-133
Other losses/gains, net	-	-	-	-	-	-	-	-
Administrative expenses	-5	-	-	-5	-20	-	-	-31
Operating result	-5	-1	-133	564	-20	-	-	404
Total financial items								-53
Result before tax								350
Income tax								-
Result for the period								350

Group income statement Jan-Dec 2013								
MSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	592	-	-	-	592
Depreciation, depletion and amortisation	-0	-	-	-137	-0	-0	-	-138
Exploration costs	-	-1	-	-51	-	-	-4	-56
Other income	-	-	-	65	-	-	-	65
Operating expenses	-	-	-	-152	-	-	-	-152
Net result from associates	-	-	5	-	-	-	-	5
Other losses/gains, net	-	-	-	-	-0	-	-	-0
Administrative expenses	-5	-0	-	-3	-22	-2	-0	-31
Operating result	-5	-1	5	314	-22	-2	-4	285
Total financial items								-45
Result before tax								240
Income tax								-0
Result for the period								240

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 ³	None	40%	Galli Coz , Tethys Oil
France	Alès	Exploration	2015	MUSD 1.5 ⁴	37.5%	Tethys Oil , MouvOil
Lithuania	Gargzdai ⁵	Production	No expiration date	None	25%	Odin , GeoNafta, Tethys Oil
Lithuania	Rietavas ⁵	Exploration	Sep 2017	MLTL 6.2	30%	Odin , Tethys Oil, private investors
Lithuania	Raseiniai ⁵	Exploration	Sep 2017	MLTL 6.6	30%	Odin , Tethys Oil, private investors

MSEK	31 Dec 2014	30 Sep 2014	31 Dec 2013
Producing cost pools	1,296	1,116	1,011
Non-producing cost pools	7	5	0
Total oil and gas properties	1,303	1,121	1,012

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

Country	Asset type	Book value 31 Dec 2013	Other non-cash adjustments 1 Jan-31 Dec 2013	Currency exchange diff 1 Jan-31 Dec 2013	DD&A ⁶ 1 Jan-31 Dec 2013	Exploration costs 1 Jan-31 Dec 2013	Investments 1 Jan-31 Dec 2013	Book value 1 Jan 2013
Oman Block 3&4	Producing	1,011	0	-5	-138	-	263	890
Oman Block 15	Non-producing	0	-	-0	-	-51	25	27
France Attila	Non-producing	-	-	-	-	-1	1	-
France Alès	Non-producing	-	-	-	-	-0	0	-
Sweden Gotland	Non-producing	-	-	-	-	-2	0	2
New ventures	Non-producing	0	-	-	-	-1	1	0
Total		1,012	0	-5	-137	-56	290	920

MSEK	1 Jan 2014 – 31 Dec 2014 12 months	1 Jan 2013 – 31 Dec 2013 12 months
Investments Block 3&4		
Drilling – Exploration/Appraisal	90	58
Drilling – Development	87	103
G&G	59	67
Facilities	62	61
Pipeline	44	5
Mitsui repayment	-	16
Tethys sole cost	4	3
Other capex	-29	-1
Accruals	-54	-49
Total Investments Block 3&4	263	263

MSEK	31 Dec 2014	31 Dec 2013
Oil & gas assets Block 3&4		
Closing balances		
Drilling – Exploration/Appraisal	231	120
Drilling – Development	500	350
G&G	188	110
Facilities	490	362
Pipeline	132	75
Mitsui repayment	174	135
Tethys sole cost	30	22
Other capex	23	28
Accruals	-6	1
Accumulated depletion	-466	-191
Total oil and gas properties Block 3&4	1,296	1,011

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

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

5 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding

100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under Shares in associated companies.

6 Depletion, depreciation and amortisation

Note 5, Operating expenses

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	Operating expenditures, MSEK	Full year 2014	Full year 2013
11	19	15	General & Administrative	45	25
26	34	40	Production cost Permanent Production Facilities	99	63
7	15	11	Well workovers	31	19
2	-	10	Over- / Underlift	9	-1
3	4	3	Other	10	9
-12	-15	22	Accruals	56	23
0	-	0	Transferred costs from previous year	14	13
37	57	102	Total	264	152

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, Derivative instruments

As per 31 December 2014, Tethys Oil has no oil price put options (Brent) compared to MSEK 0.9 as per 30 September 2014 and MSEK 4.8 as per 31 December 2013. During the fourth quarter 2014, 195,000 put options expired and following the falling oil prices, the put options generated an income of MSEK 14.

Note 8, Associates

Tethys Oil holds an indirect interest of three Lithuanian companies holding three licences; Gargzdai, Rietavas and Raseiniai licences. The interest is held through two Danish private companies part of the Odin Group of companies, Odin Energi and Jylland Olie. The table below presents the ownership and the result from associates as per 31 December 2014.

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

MSEK	UAB Minijos Nafta	UAB TAN Oil
Tethys Oil's share of profit loss from associates	Twelve months 2014	Twelve months 2014
Gross revenue	29	0
Royalty	-3	-
Net revenue	26	0
Depreciation	-5	-0
Appraisal/development costs	-1	-0
Operating expenditures	-14	0
Administrative expenditures in Lithuanian company	-3	-0
Operating result	4	-1
Financial income	0	0
Financial expenditures	-0	0
Profit before tax	4	-1
Tax	-1	-
Tethys share of net profit from associates	4	-1
Total share of net profit from associates	2	

MSEK	31 Dec 2014	31 Dec 2013
1 January	184	188
Acquisitions	-	-
Tethys share of net profit from associates	2	5
Dividend from associates	-11	-9
Depletion	-8	-
Impairment cost	-127	-
Balance end of period	41	184

For an overview of the ownership structure of Tethys Oil's interest in Lithuania, please see page 42 in the Annual Report 2013.

Note 9, Shareholders' equity

As per 31 December 2014, the number of outstanding shares in Tethys Oil amounts to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

As per 31 December 2014, Tethys Oil held 298,160 of its own shares which were purchased during the fourth quarter at an average price of SEK 68.0. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,245,590.

Note 10, Non current liabilities

In September 2012, Tethys Oil issued a secured three-year bond loan of MSEK 400. 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 dates of the bonds were 7 September 2015. The bonds were listed on NASDAQ Stockholm. The transaction costs amounted to MSEK 12 and are depreciated during the maturity time of the bond.

In February 2014, it was announced that Tethys Oil signed a four-year, up to MUS\$ 100, senior revolving reserve based lending facility with BNP Paribas. Security for the facility is the interest in the Block 3&4 licence. In connection with the first drawdown of the facility, Tethys exercised its option for early redemption of the bonds and redeemed all outstanding bonds. The early redemption price was 104.5 per cent of the nominal amount of the bonds plus accrued unpaid interest. The payment and redemption occurred 7 April 2014.

The interest rate of the new credit facility is floating between LIBOR + 3.75 per cent to LIBOR + 4.00 per cent per annum, depending on the level of utilization of the facility. As per 31 December 2014 there was no outstanding debt, i.e. there was no borrowed amount from the new credit facility.

Note 11, Provisions

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

Note 12, Pledged assets

As per 31 December 2014, pledged assets amounted to MSEK 1,789 (989). Pledged assets are mainly a continuing security with regard to the credit facility where Tethys Oil has entered into a pledge agreement. The pledge relates to all shares in the subsidiary Tethys Oil Block 3&4 Ltd for the benefit of the lenders in the credit facility and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd. Of pledged assets, MSEK 1 (1) relate to a pledge in relation to office rental.

Note 13, Contingent liabilities

There are no outstanding contingent liabilities as per 31 December 2014, nor for the comparative period.

Key ratios

Fourth quarter 2013	Third quarter 2014	Fourth quarter 2014	Group	Twelve months 2014	Twelve months 2013
Operational items					
499,028	772,722	768,226	Production before government take, bbl	2,804,240	1,709,706
5,424	8,399	8,350	Production per day, bbl	7,692	4,684
271,175	399,352	434,035	Net sales after government take, bbl	1,464,228	850,926
108.47	107.57	97.09	Achieved oil price, USD/bbl	103.87	106.63
Items regarding the income statement and balance sheet					
193	296	310	Net sales, MSEK	1,046	592
148	232	200	EBITDA, MSEK	753	479
76.68%	78.38%	65%	EBITDA-margin, %	72%	81%
52	173	14	Operating result, MSEK	404	285
26.94%	58.45%	4%	Operating margin, %	39%	48%
45	167	18	Net result, MSEK	350	240
23.32%	56.44%	6%	Net margin, %	33%	41%
295	194	372	Cash and cash equivalents, MSEK	372	295
1,100	1,547	1,675	Shareholders' equity, MSEK	1,675	1,100
1,563	1,619	1,816	Balance sheet total, MSEK	1,816	1,563
Capital structure					
70.38%	95.58%	92.26%	Solvency, %	92.26%	70.38%
11.56%	-10.42%	-20.68%	Leverage ratio, %	-20.68%	11.56%
70.38%	95.58%	92.26%	Adjusted equity ratio, %	92.26%	70.38%
10.63	10.84	14.14	Interest coverage ratio, %	14.14	10.63
80	45	101	Investments, MSEK	259	289
127	(161)	-347	Net debt/(net cash), MSEK	-347	127
Profitability					
4.55%	12.64%	1.30%	Return on shareholders' equity, %	25.24%	24.50%
3.79%	11.28%	2.06%	Return on capital employed, %	26.37%	20.72%
Key figures per employee					
17	17	17	Average number of employees	18	17
Number of shares					
n.a.	n.a.	n.a.	Dividend per share, SEK	n.a.	n.a.
3.57	5.39	6.90	Cash flow used in operations per share, SEK	19.89	9.45
35,544	35,544	35,544	Number of shares on balance day, Thousands	35,544	35,544
30.96	43.52	47.13	Shareholders' equity per share, SEK	47.13	30.96
35,544	35,544	35,467	Weighted number of shares on balance day, Thousands	35,524	35,544
1.26	4.71	0.51	Earnings per share, SEK	9.86	6.76
1.26	4.71	0.51	Earnings per share after dilution, SEK	9.86	6.76

For definitions of key ratios please refer to the 2013 Annual Report.
The abbreviation n.a. means not applicable.

Financial calendar

Three month report 2015 (January – March 2015) on 5 May 2015

Annual meeting 2015 is planned to be held in Stockholm on 13 May 2015

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

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

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

Stockholm, 10 February 2015

Tethys Oil AB (publ)

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



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