Tethys Oil AB (publ)

Report for the period 1 January 2008 – 31 March 2008

HIGHLIGHTS

- **New preliminary reserve study suggests higher condensate numbers**
- **Rig contracted for second well on Block 15 onshore Oman**
- **Private Placement raised MSEK 91.2 before issue costs**
- **Stock split 3:1 effectuated in the first quarter**
- **Rights issue of warrants conducted**
- **As at 31 March 2008 there have been no sales of oil and gas in Tethys Oil, nor for the equivalent period of last year**
- **Loss for the first quarter 2008 amounted to TSEK – 5,458 (TSEK – 4,461 for the corresponding period last year). The loss for the first quarter 2008 has been significantly impacted by net foreign exchange losses amounting to TSEK - 2,722 due to weaker US dollar. The majority of these exchange rate losses are translation differences and are therefore non cash related items. Furthermore, write downs of TSEK 100 have negatively affected the result of the first quarter**
- **Earnings per share amounted to SEK – 0.28 (SEK – 0.26) for the first quarter 2008**
- **Cash and cash equivalents as per 31 March 2008 amounted to TSEK 83,810 (TSEK 12,252). Remaining outstanding receivables from the private placement as per 31 March 2008 amounts to TSEK 23,845. Oil and gas investments amounted to TSEK 8,242**

Tethys Oil AB (publ)

Tethys Oil is a Swedish energy company focused on identifing and developing oil and natural gas assets in the Middle East, North Africa and Europe. Tethys' strategy is to invest in projects in areas with known oil and natural gas discoveries that have not been properly appraised using modern technology. In this way, high returns can be achieved with limited risk.

The company has interests in licences in Oman, Morocco, France, Spain, Turkey and Sweden. The shares are listed on First North (TETY) in Stockholm. Remium AB is Certified Adviser.

OPERATIONS

Overview

Tethys Oil has interests in licences in Oman, Morocco, Spain, Turkey, France and Sweden.

Country	Licence areas	Tethys Oil, %	Total area, km2	Operator	Investments 1 Jan-31 Mar 2008, TSEK	Book value 31 Mar 2008, TSEK
Oman	Block 15	40%	1,389	Tethys Oil	4,861	58,775
	Block 3&4	50%	33,125	Consolidated Contractors Company		
Morocco	Bouanane	12.5%[1]	2,100	Dana Petroleum	678	1,649
Spain	Valderredible	15%[2]	241	Leni Gas&Oil plc	2,629	3,983
	Huermeces	15%[2]	121	Leni Gas&Oil plc		
	Basconcillos	15% [2]	194	Leni Gas&Oil plc		
	Cameros	26%	35	SHESA		
	Ebro-A	26%	217	SHESA		
Turkey	Ispandika	10%	965	Aladdin Middle East	74	4,688
	Thrace	25%	994	Aladdin Middle East		
France	Attila	40%	1,986	Galli Coz	-	8,844
Sweden	Gotland Större	100%	540	Tethys Oil	-	259
New ventures					-	23
Total			**41,907**		**8,242**	**78,225**

Oman

The appraisal and development of Block 15

In the end of 2007 and during the first quarter 2008, additional tests on the Jebel Aswad well onshore Oman were performed. The testing involved a comprehensive programme of flow tests and collection of gas and oil samples. A total of 13 surface samples, 4 down hole samples and over 240 litres of condensate were collected for further analysis. Fluid samples were laboratory analyzed. Pressure gauges were also installed at the bottom of the hole for an extended pressure test, which was completed in January 2008.

With the result from the additional testing, Helix RDS re-modelled (still using Tethys´ volumetrics) the estimated resources of the Natih 'A' reservoir. The new Helix study derives a higher condensate to gas ratio resulting in an increase in the estimated amount of recoverable condensate resources from the reservoir. The mid-case condensate resource is now estimated for Tethys share 3.5 million barrels, which is almost 34 per cent higher than the previously estimated.

In March, Tethys signed an agreement with Oilex regarding a Abraj 204 rig. According to the agreement, Tethys will use the rig for up to three months. The mobilization of the rig to Block 15 is expected to commence in the

[1] Tethys Oil has a 12.5 per cent interest in the licence. According to the farm-in agreement with Dana, Tethys Oil is carried for seismic cost up to MUSD 5 and well costs up to MUSD 7. However, for expenditures exceeding these limits, Tethys Oil will pay 16 2/3 per cent of exceeding expenditures.

[2] Tethys Oil has, per agreement with operator Leni Gas&Oil plc, a carried working interest. According to the agreement Tethys Oil will have a 15 per cent interest free of costs for work to be done on the three exploration licences. This includes licence fees, technical studies and well workovers, but does not include the acquisition of seismic or the drilling of wells.

second half of May 2008. The rig will be used to drill Jebel Aswad-2 (JAS-2), a step out well 1.2 km from the original Jebel Aswad-1 well. Drilling operations are expected to take 65 days including testing. JAS-2 will target the hydrocarbon producing Natih "A" reservoir on the southeastern part of the structure. Two horizontal drain holes are planned in the zone targeting high permeability fractures. Construction of a new drilling site has already commenced along with a 1.6 km. access road. The Civil Engineering Company Al-Ez has been contracted to undertake the work.

According to the present development plan, early production could commence in July 2009 with full field production following during the fourth quarter 2010. Engineering Firm WS Atkins have been contracted to design the field facilities. Al Safa Environmental Company have also been contracted to commence the environmental impact assessment for the field development. A 3D seismic survey is currently being planned over the Jebel Aswad structure. Tenders have been received and acquisition is estimated to begin in July.

Block 3 and 4
During the last quarter of 2007, Tethys Oil's operations in Oman were significantly enlarged when the acquisition of Block 3 and 4 was finalized. Tethys holds 50 per cent interest in the Blocks with the remaining held by the operator Consolidated Contractors. A total of 27 wells have been drilled on the Blocks, with 18 wells having encountered oil shows. Block 3 contains the South Farha oil discovery originally made in 1986 and delineated by 3 wells. South Farha contains an estimated 9 million barrels of recoverable oil from thin sandstone layers in a regionally productive reservoir. The Blocks also contain several other hydrocarbon plays.

During the first quarter, the cooperation with the operator has deepened and plans have been agreed about future work programmes on the Blocks.

France
In September and October 2007, our first exploration well was drilled on the Attila licence in France. During the drilling of the Pierre Maubeuge 2 well gas shows were recorded in the Triassic formation. The well was subsequently logged and an 80 metre zone of gross pay was identified. Over this mainly limestone section, a total of 10.5 metres net natural gas pay was calculated.

While waiting for a production test, anticipated by the operator to be carried out by the summer of 2008, additional field work has been carried out during the first quarter of 2008. In order to gain a better knowledge of other gas prospects on the licence, a geochemical survey and an aerial thermal survey were conducted.

Morocco
In Morocco, Tethys holds a carried 12.5 per cent interest in the Bouanane licence. The Operator, Dana Petroleum, will pay all of Tethys' costs associated with the remaining exploration work planned to consist of seismic work up to MUSD 5 and the drilling of one exploration well up to MUSD 7. Dana is currently checking for the availability of drilling rigs to mobilize to Morocco. The drilling of an exploration well could be carried out in late 2008 or early 2009.

Turkey
Thrace
The additional processing and interpretation on previous acquired seismic was completed in the first quarter. The study was conducted in in order to identify amplitude anomalies that would indicate the presence of natural gas. The result has defined the structure very well, but the structure is smaller than anticipated. Tethys is reviewing the way forward based on the seismic and the cost of drilling. An exploration well might be drilled during the second half of 2008.

Ispandika
The security situation in the region has deteriorated, and no ground work has been carried out since the first quarter 2007.

Spain
The Sedano Project
An agreement was signed with the new operator, Leni Gas and Oil plc whereby Tethys retains a 15 per cent carried working interest. In other words Tethys will have a 15 per cent interest free of costs for work to be done on the three exploration licences. This includes licence fees, technical studies and well workovers, but does not

include the acquisition of seismic or the drilling of wells. If a well is to be drilled, then Tethys would pay its 15 per cent of the costs, or relinquish its interest without recourse.

The Cameros Project
The Cameros project, in the Ebro basin of northern Spain, is of interest for a large natural gas prospect that has been identified. An environmental impact study has now been completed over the area and this has been submitted to the government for review. Once the relevant permissions are received, an exploration well is planned to be drilled.

Sweden
Gotland
In December, 2007, the Swedish Mining Inspector granted Tethys' application to explore for oil and gaseous hydrocarbons on the Swedish island of Gotland. The licence, called "Gotland Större" (Greater Gotland), covers an area of almost 540 square kilometres of the northern part of the Baltic island.
Oil has previously been produced on Gotland, proving the existence of a viable petroleum system within the licence area.

Tethys has in 2008 conducted a comprehensive study of existing data and a database has been created. Data from this database has been through an initial topographic interpretation with a view to identify reefal trends within the licence area. The result so far is encouraging, and in order to enhance resolution further, new satellite radar data has recently been acquired and interpretation is ongoing. If additional higher resolution data is needed, an airborn topographic study may been flown over Gotland this summer.

Potential licence areas –Latvia
Tethys Oil has an option to acquire a 11 per cent interest in the Dunalka production licence onshore Latvia. The licence remains under review and the option covering that licence has been extended until 1 July 2008.

RESULT AND CASH FLOW
The consolidated financial statements of the Tethys Oil Group (Tethys Oil), where Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company, are hereby presented for the three month period ended 31 March 2008. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period. The share related data have been restated for comparative periods based on the share split 3:1 conducted in March 2008. The primary segment of the group is geographical markets. Within the group there are only assets and write downs for these geographical markets which are presented below.

Loss for the period and sales
Tethys Oil reports a loss for the first quarter 2008 of TSEK – 5,458 (TSEK – 4,461 for last year), representing earnings per share of SEK – 0.28 (SEK – 0.26) for the first quarter 2008. The loss for the first quarter 2008 has been significantly impacted by net foreign exchange losses. The currency exchange effect of the group amounts to TSEK - 2,722 and almost all of the effect relates to the weaker US dollar in relation to the Swedish krona. The background to this is that the majority of Tethys Oil AB's receivables regard financing of assets in Oman and Block 15 which are held through the subsidiary Tethys Oil Oman Ltd. The accounting currency of Tethys Oil Oman Ltd is US dollars and when preparing financial reports receivables are translated into Swedish kronor as per the currency exchange rate of the balance sheet day. These currency translation differences are non cash related items. Theses translation differences may change significantly over time. The treatment of these translation differences are in line with Tethys Oil´s accounting principles under IFRS.
Write downs of oil and gas properties of TSEK 100 has negatively affected the result of the first quarter of 2008. The write down regards previously made investments in a new venture licence application which was awarded another company. Cash flow from operations before changes in working capital during the first three months of 2008 amounted to TSEK – 2,609 (TSEK – 1,541).

Tethys Oil has not recorded any sales or production of oil and gas for the three month period that ended 31 March 2008. Accordingly, there has been no depletion of oil and gas properties.

Other income, administrative expenses
Administrative expenses amounted to TSEK – 3,165 (TSEK – 2,434) for the first three months 2008. Depreciation amounted to TSEK 31 (TSEK 24) during the first quarter 2008. Administrative expenses are

mainly salaries, rents, listing costs and outside services. These costs are corporate costs and are accordingly not capitalised. Depreciation is referable to office equipment. The increase in administrative expenses compared to the first quarter 2007 is related to increased corporate activity mainly relating to increased activity in Tethys Oil Oman Ltd. Part of the administrative expenses in Tethys Oman Ltd are charged to the joint venture in Block 15 in Oman where the expenditures are capitalised and, in line with the Production Sharing Agreement, recoverable. These administrative expenditures are, through the above, also funded by the partner in Block 15 in Oman by 60 per cent. The chargeout to the joint venture is presented in the income statement as Other income. Part of the remaining administrative expenses are capitalised in the subsidiaries and if Tethys is the operator theses expenses are funded by partners. In the consolidated income statement these internal transactions are eliminated.

Movement in oil and gas properties
Oil and gas properties as at 31 March 2008 amounted to TSEK 78,225 (TSEK 76,932). Investments in oil and gas properties of TSEK 8,242 (TSEK 11,907) were incurred for the three month period ending 31 March 2008. Investments in oil and gas properties in Oman of TSEK 4,861 have mainly been related to Block 15 for the planning and preparation of the upcoming well. Other investments have been in Spain of TSEK 2,629 relating to the Sedano project. Relating to the Sedano project, an agreement was signed with the new operator, Leni Gas and Oil plc whereby Tethys Oil retains a 15 per cent carried working interest. The carried interest includes licence fees, technical studies and well workovers, but does not include the acquisition of seismic or the drilling of wells. In Morocco TSEK 678 have been invested relating to the Bouanane licence and previously incurred expenditures. The book value of oil and gas properties include currency exchange losses of TSEK 6,831 during the quarter, which are not cash related items and therefore not included in investments. For more information please see above Loss for the period and sales.

Liquidity and financing
Cash and bank as at 31 March 2008 amounted to TSEK 83,810 (TSEK 12,252). At the beginning of the quarter Tethys Oil received proceed from the set off issue which was registered in December 2007. The set off issue regarded 226,000 shares and the amount received in January 2008 was TSEK 12,656. Based on an authorization from the EGM held 20 February 2008, the Board of Directors resolved to issue 4,800,000 shares through a private placement directed to primarily international investors in the Middle East, Asia and France. The private placement was made at SEK 19 per share, which was in line with the prevailing market price at the time. As per publication of this report, the total proceeds from this issue amounting to TSEK 91,200 have been received. However, on the balance sheet day, 31 March 2008, TSEK 67,355 was received and TSEK 23,845 was still unpaid. The shares were registered on 9 April 2008. The Dubai based brokerage house MAC Capital Limited was appointed as advisor for the private placement.

Furthermore, the Board of Directors decided to issue 4,800,000 warrants based on authorization from the EGM held 20 February 2008. The decision was made 31 March 2008 and the warrants were issued with preferential right to existing shareholders as per record date 15 April 2008. The total number of warrants issued was 4,795,649. All shareholders received, free of charge, one warrant for every fifth share held. The warrants can be exercised during the period 1 June 2008 to 30 June 2010 and the subscription price is SEK 23. The warrant started to trade on First North 17 April 2008. On full exercise of the warrants the Tethys Oil will issue 4,795,649 shares and receive about MSEK 110 before issue costs.

Current receivables
Current receivables amounted to TSEK 26,799 (TSEK 15,777) as at 31 March 2008. The receivables mainly relates to the subscribed but unpaid proceeds of TSEK 23,845 from the private placement described above.

Current liabilities
Current liabilities as at 31 March 2008 amounted to TSEK 6,325 (TSEK 2,390), of which TSEK 3,470 (TSEK 1,251) relates to accounts payable, TSEK 77 (TSEK 733) relates to other current liabilities and TSEK 2,777 (TSEK 406) relates to accrued expenses. Accounts payable are mainly expenditures relating to the private placement described above and accrued expenses are mainly expenditures relating to activities in Spain.

Parent company
The parent company reports a loss for the first quarter 2008 amounting to TSEK – 3,503 (TSEK – 3,141). Administrative expenses amounted to TSEK – 2,011 (TSEK – 1,756) for the first three months of 2008. Net financial income amounted to TSEK – 1,939 (TSEK – 2,270) during the first quarter 2008. The weaker US

dollar has had a negative impact on net financial income. The exchange rate losses regard translation differences and are non cash related. Investments during the first three months 2008 amounted to TSEK 3,078 (TSEK 7,870). Financial investments are financial loans to subsidiaries for their oil and gas operations. The turnover in the parent company relates to chargeouts of services to subsidiaries.

Board of Directors

At the Annual Meeting of shareholders on 16 May 2007 Håkan Ehrenblad, Vincent Hamilton, John Hoey, Carl-Gustaf Ingelman, Jonas Lindvall, Magnus Nordin and Jan Risberg were re-elected members of the board. No deputy directors were appointed. At the same meeting Vincent Hamilton was appointed Chairman.

Share data

The number of shares in Tethys Oil amount to 19,178,286 (17,225,280), with a quota value of SEK 0.17 (SEK 0.17). As per 1 January 2008, Tethys Oil had 6,392,762 shares. The EGM held 20 February 2008 resolved to carry out a share split whereby each share was divided into three shares (a share split 3:1). The share split was conducted 3 March 2008 and increased the number of shares to 19,178,286. Neither the shares from the private placement nor the warrants from the rights issue described above are included in the number of shares as per balance sheet day 31 March 2008 as they were registered in April 2008.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 12.

Secondary listing of shares in Dubai

In the autumn 2007, the board of directors of Tethys Oil decided to apply for a secondary listing on the Dubai International Financial Exchange (DIFX). A DIFX listing is considered a natural step to increase Tethys Oil's visibility in the region with a view to obtain additional projects as well as an ability to tap into the region's financial markets for future project funding. With the aim to widen the capital base and to attract strategic investors within the sphere of the DIFX, Tethys Oil successfully closed the private placement described above. The Dubai based brokerage house MAC Capital Limited was appointed as advisor for the private placement and to act as sponsor for Tethys Oil on DIFX. Tethys Oil's secondary Listing on the DIFX is expected in May 2008.

CONSOLIDATED INCOME STATEMENT

TSEK	1 Jan 2008 - 31 Mar 2008 3 months	1 Jan 2007 - 31 Mar 2007 3 months	1 Jan 2007 - 31 Dec 2007 12 months	1 Jan 2006 - 31 Dec 2006 12 months
Net sales of oil and gas	-	-	-	-
Depreciation of oil and gas properties	-	-	-	-
Write off of oil and gas properties	-100	-2,896	-16,220	-22,519
Other income	520	591	3,195	543
Other losses/gains, net	-4	-	55	868
Administrative expenses	-3,165	-2,434	-10,563	-9,000
Operating result	**-2,749**	**-4,739**	**-23,533**	**-30,108**
Financial income and similar items	16	786	417	1,276
Financial expenses and similar items	-2,718	-508	-1,587	-970
Net financial income	**-2,702**	**278**	**-1,170**	**306**
Result before tax	**-5,451**	**-4,461**	**-24,704**	**-29,802**
Income tax	-7	-	-17	-
Loss for the period	**-5,458**	**-4,461**	**-24,721**	**-29,802**
Number of shares outstanding*	19,178,286	17,225,280	19,178,286	17,225,280
Number of shares outstanding (after dilution)*	19,178,286	17,225,280	19,178,286	17,225,280
Weighted number of shares*	19,178,286	17,225,280	17,591,889	15,328,797
Earnings per share, SEK*	-0.28	-0.26	-1.41	-1.94
Earnings per share (after dilution), SEK*	-0.28	-0.26	-1.41	-1.94

** The share related data have been restated for comparative periods based on the share split 3:1 conducted in March 2008.*

CONSOLIDATED BALANCE SHEET

TSEK	31 Mar 2008	31 Dec 2007
ASSETS		
Fixed assets		
Oil and gas properties	78,225	76,932
Office equipment	285	308
Total fixed assets	**78,510**	**77,240**
Current assets		
Other receivables	26,799	15,777
Prepaid expenses	492	316
Cash and bank	83,810	12,252
Total current assets	**111,101**	**28,346**
TOTAL ASSETS	**189,611**	**105,586**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	4,012	3,196
Paid in capital	264,070	177,555
Other reserves	-3,959	-2,182
Retained earnings	-80,837	-75,374
Total shareholders' equity	**183,287**	**103,196**
Non interest bearing current liabilities		
Accounts payable	3,470	1,251
Other current liabilities	77	733
Accrued expenses	2,777	406
Total non interest bearing current liabilities	**6,325**	**2,390**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**189,611**	**105,586**
Pledged assets	500	500
Contingent liabilities	33,365	36,509

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share Capital	Paid in Capital	Other reserves	Retained Earnings	Total Equity
Opening balance 1 January 2007	**2,871**	**143,050**	**-21**	**-50,690**	**95,230**
Currency translation difference	-	-	-2,160	-	-2,160
Total income and expenses recognised directly in equity	**-**	**-**	**-2,160**	**-**	**-2,160**
Loss for the first quarter 2007	-	-	-	-4,461	-4,461
Loss for the second quarter 2007	-	-	-	-14,165	-14,165
Loss for the third quarter 2007	-	-	-	-3,755	-3,755
Loss for the fourth quarter 2007	-	-	-	- 2,340	-2,340
Directed issue	150	16,650	-	-	16,800
Issue costs	-	-1,076	-	-	-1,076
Directed issue	63	6,937	-	-	7,000
Issue costs	-	-88	-	-	-88
Directed issue	113	12,543	-	-	12,656
Issue costs	-	-88	-	-	-88
On-going share issue	-	-394	-	-	-394
Closing balance at 31 December 2007	**3,196**	**177,555**	**-2,182**	**-75,374**	**103,196**
Opening balance 1 January 2008	**3,196**	**177,555**	**-2,182**	**-75,374**	**103,196**
Currency translation difference	**-**	**-**	- 1,777	**-**	- 1,777
Total income and expenses recognised directly in equity	**-**	**-**	**- 1,777**	**-**	**- 1,777**
Loss for the first quarter 2008				- 5,458	- 5,458
Ongoing private placement	816	90,384	-	-	91,200
Issue costs	-	- 3,869	-	-	- 3,869
Closing balance at 31 March 2008	**4,012**	**264,070**	**- 3,959**	**- 80,837**	**183,287**

CONSOLIDATED CASH FLOW STATEMENT

TSEK	1 Jan 2008 - 31 Mar 2008 3 months	1 Jan 2007 - 31 Mar 2007 3 months	1 Jan 2007 - 31 Dec 2007 12 months	1 Jan 2006 - 31 Dec 2006 12 months
Cash flow from operations				
Operating result	-2,749	-4,739	-23,532	-30,976
Interest received	16	786	374	296
Interest paid	-	-508	-	-3
Income tax	-7	-	-17	-
Adjustment for write down of oil and gas properties	100	2,896	16,220	22,519
Adjustment for depreciation and other non cash related items	31	24	-1,461	72
Total cash flow used in operations before change in working capital	**-2,609**	**-1,541**	**-8,416**	**-8,092**
Decrease/increase in receivables	-8,524	-1,863	13,408	-14,825
Decrease/increase in liabilities	3,935	-15,333	-21,363	21,294
Cash flow used in operations	**-7,198**	**-18,737**	**-16,371**	**-1,623**
Investment activity				
Acquisition of subsidiaries, net after acquired cash	-	-	-	-4,383
Investment in oil and gas properties	-8,242	-11,907	-51,481	-22,025
Investment in other fixed assets	7	-92	-284	-75
Prepayment of oil and gas properties	-	-	-	-8,723
Cash flow used for investment activity	**-8,235**	**-12,000**	**-51,765**	**-35,206**
Financing activity				
Share issue, net after issue costs	87,332	-48	22,267	52,879
Return on short term investments	-	-	43	962
Cash flow from financing activity	**87,332**	**-48**	**22,310**	**53,841**
Period cash flow	**71,899**	**-30,785**	**-45,827**	**17,013**
Cash and bank at the beginning of the period	12,252	58,085	58,085	41,102
Exchange losses on cash and bank	-44	-	-5	-29
Cash and bank at the end of the period	83,810	27,300	12,252	58,085

PARENT COMPANY INCOME STATEMENT CONDENSED

TSEK	1 Jan 2008 - 31 Mar 2008 3 months	1 Jan 2007 - 31 Mar 2007 3 months	1 Jan 2007 - 31 Dec 2007 12 months	1 Jan 2006 - 31 Dec 2006 12 months
Net sales of oil and gas	-	-	-	-
Depreciation of oil and gas properties	-	-	-	-
Write off of oil and gas properties	-	-	-	-
Other income	409	886	2,923	3,253
Other losses/gains, net	38	-	306	862
Administrative expenses	-2,011	-1,756	-7,225	-7,742
Operating result	**-1,564**	**-871**	**-3,996**	**-3,627**
Financial income and similar items	738	1,234	3,145	2,581
Financial expenses and similar items	-2,677	-364	-1,587	-586
Write down of shares in group company	-	-3,140	-20,119	-26,546
Net financial income	**-1,939**	**-2,270**	**-18,561**	**-24,551**
Result before tax	**-3,503**	**-3,141**	**-22,558**	**-28,178**
Income tax				
Loss for the period	**-3,503**	**-3,141**	**-22,558**	**-28,178**
Number of shares outstanding*	19,178,286	17,225,280	19,178,286	17,225,280
Number of shares outstanding (after dilution)*	19,178,286	17,225,280	19,178,286	17,225,280
Weighted number of shares*	19,178,286	17,225,280	17,591,889	15,328,797

** The share related data have been restated for comparative periods based on the share issue 3:1 conducted in March 2008.*

PARENT COMPANY BALANCE SHEET CONDENSED

TSEK	31 Mar 2008	31 Dec 2007
ASSETS		
Subscribed capital unpaid	23,845	12,656
Total fixed assets	13,255	13,090
Total financial fixed assets	81,990	79,093
Total current assets	81,354	10,341
TOTAL ASSETS	**200,444**	**115,179**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	197,025	113,197
Total non interest bearing current liabilities	3,419	1,982
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**200,444**	**115,179**
Pledged assets	500	500
Contingent liabilities	33,124	36,242

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

TSEK	Restricted equity		Non restricted equity			
	Share capital	Statutory Reserve	Share premium Reserve	Retained Earnings	Net result	Total Equity
Opening balance at 1 January 2007	**2,871**	**71,071**	**72,000**	**- 16,820**	**-28,178**	**100,945**
Transfer of prior year net result	-	-	-	-28,178	28,178	-
Loss for the first quarter 2007	-	-	-	-	-3,141	-3,141
Loss for the second quarter 2007	-	-	-	-	-492	-492
Loss for the third quarter 2007	-	-	-	-	-17,165	-17,165
Loss for the fourth quarter 2007	-	-	-	-	- 1,760	-1,760
	2,871	**71,071**	**72,000**	**-44,997**	**-22,558**	**78,387**
Directed issue	150	-	16,650	-	-	16,800
Issue costs	-	-	-1,076	-	-	-1,076
Directed issue	63	-	6,937	-	-	7,000
Issue costs	-	-	-88	-	-	-88
Directed issue	113	-	12,543	-	-	12,656
Issue costs	-	-	-88	-	-	-88
On-going share issue	-	-	-394	-	-	-394
Closing balance at 31 December 2007	**3,196**	**71,071**	**106,484**	**-44,997**	**-22,558**	**113,197**
Opening balance at 1 January 2008	**3,196**	**71,071**	**106,484**	**-44,997**	**-22,558**	**113,197**
Transfer of prior year net result	-	-	-	- 22,558	22,558	-
Loss for the first quarter 2008	-	-	-	-	- 3,503	- 3,503
	3,196	**71,071**	**106,484**	**- 67,555**	**- 3,503**	**109,694**
Ongoing private placement	816	-	90,384	-	-	91,200
Issue costs	-	-	- 3,869			- 3,869
Closing balance at 31 March 2008	**4,012**	**71,071**	**192,999**	**- 67,555**	**- 3,503**	**197,025**

NOTES

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

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

Accounting principles
The three months report 2008 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The three months report 2008 of the parent company has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's RFR2.1 reporting for legal entities. The same accounting principles were used in the annual report 2007.

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

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 risk described below.

Operational risk
The main operational risk is of technical and geological nature. At its current stage of development the group is exploring for oil and gas and appraising undeveloped known oil and/or gas accumulations. The main risk is that the interest the Group has in oil and gas assets will not evolve into commercial reserves of oil and gas. Tethys Oil is furthermore exposed to oil price risk as income and profitability will depend on prevailing oil prices from time to time. As the Group currently does not produce oil and gas the direct effect is limited. Significantly lower oil prices would reduce expected profitability and could make projects sub economic even if discoveries are made. Another operational risk is access to equipment in Tethys Oil's projects. Especially in the drilling 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 its projects. Through its operations Tethys Oil is furthermore subject to political risk, environment risk and the risk of not being able to retain key personnel.

Financial risk
By operating in several countries, Tethys Oil is exposed to fluctuations in a number of currencies. Possible future income will also most likely be denominated in foreign currencies, most likely US dollars. Furthermore, Tethys Oil has since inception been entirely equity financed and as the Group has not presented any revenues the financing of the Group has been through share issues. It cannot be ruled out that additional capital may be needed to finance Tethys Oil's current 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 2007.

Note 2) Oil and gas properties

Country	Book value 1 Jan 2007, TSEK	Investments 1 Jan-31 Dec 2007, TSEK	Write downs 1 Jan -31 Dec 2007, TSEK	Book value 31 Dec 2007, TSEK	Book value 1 Jan 2008, TSEK	Investments 1 Jan-31 Mar 2008, TSEK	Write downs 1 Jan -31 Mar 2008, TSEK	Book value 31 Mar 2008, TSEK
Oman	**26,700**	**36,213**	**-**	**60,746**	**60,746**	**4,861**	**-**	**58,776***
Morocco	**2,912**	**-1,941**[3]	**-**	**971**	**971**	**678**	**-**	**1,649**
Spain	**1,878**	**418**	**- 9,269**	**1,455**	**1,455**	**2,629**	- 100	**3,928**
Turkey	**1,270**	**3,047**	**-**	**4,614**	**4,614**	**74**	**-**	**4,688**
France	**1,033**	**7,810**	**-**	**8,844**	**8,844**	**-**	**-**	**8,844**
Sweden	**-**	**259**	**-**	**259**	**259**	**-**	**-**	**259**
New ventures	**612**	**439**	**- 1,028**	**23**	**23**	**-**	**-**	**23**
Total	**35,072**	**51,481**	**-16,220**	**76,932**	**76,932**	**8,242**	**-100**	**78,225**

** The book value of oil and gas properties include currency exchange losses of TSEK 6,831 during the quarter, which are not cash related items and therefore not included in investments. For more information please see above Loss for the period and sales.*

Oil and gas properties	**Group**			**Parent**		
TSEK	**1 Jan 2008 - 31 Mar 2008 3 months**	**1 Jan 2007 - 31 Mar 2007 3 months**	**1 Jan 2007 - 31 Dec 2007 12 months**	**1 Jan 2008 - 31 Mar 2008 3 months**	**1 Jan 2007 - 31 Mar 2007 3 months**	**1 Jan 2007 - 31 Dec 2007 12 months**
Investments in oil and gas properties						
Opening balance	124,518	66,459	66,459	12,782	-	-
Investments in Denmark	-	3,086	5,236	-	-	-
Investments in France	-	63	7,810	-	-	-
Investments in Morocco	678	253	-1,941	-	-	-
Investments in Oman	4,861	5,338	36,213	104	-	12,782
Investments in Spain	2,629	140	418	-	-	-
Investments in Turkey	74	2,724	3,047	-	-	-
Investments in Sweden	-	-	259			-
Other investments in oil and gas properties	-	297	439	-	-	-
Translation differences	-6,849	-	-	-	-	-
Closing balance	125,911	78,359	117,940	12,970	-	12,782
Reclassification of assets in Turkey	-	-	6,578	-	-	-
Depletion						
Depletion	-	-	-	-	-	-
Write down						
Opening balance	47,586	31,366	31,366	-	-	-
Write down	100	2,896	16,220	-	-	-
Closing balance	47,686	40,537	47,586	-	-	-
Net book value	**78,225**	**52,811**	**76,932**	**12,970**	**-**	**12,782**

Note 3) Other income

Part of the administrative expenses in Tethys Oman Ltd are charged to the joint venture in Block 15 Oman where the expenditures are capitalised and, in line with the Production Sharing Agreement, recoverable. These administrative expenditures are, through the above, also funded by the partner in Oman by 60 per cent. The chargeout to the joint venture is presented in the consolidated income statement as Other income.

[3] The negative investments are explained by reimbursement of past costs following the Dana farm-in agreement.

Note 4) Shareholders' equity

The number of shares in Tethys Oil amount to 19,178,286 (17,225,280), with a quota value of SEK 0.17 (SEK 0.17). As per 1 January 2008, Tethys Oil had 6,392,762 shares. The EGM held 20 February 2008 resolved to carry out a share split whereby each share was divided into three shares, a share split 3:1). The share split was conducted 3 March 2008 and increased the number of shares to 19,178,286. Neither the shares from the private placement nor the warrants from the rights issue described above are included in the number of shares as per balance sheet day 31 March 2008 as they were issued in April 2008.

Note 5) Contingent liabilities

The contingent liabilities amount to TSEK 33,365 (TSEK 36,509). The contingent liabilities mainly regard the newly acquired Blocks 3&4 where Tethys Oil has a work commitment, the fulfilment of which is estimated to cost MUSD 5.5. The difference between contingent liabilities 31 March 2008 and 31 December 2007 relate to currency exchange differences.

KEY RATIOS

Group

	1 Jan 2008 - 31 Mar 2008 3 months	1 Jan 2007 - 31 Mar 2007 3 months	1 Jan 2007 - 31 Dec 2007 12 months	1 Jan 2006 - 31 Dec 2006 12 months
Items regarding the income statement and balance sheet				
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	-2,749	-4,739	-23,533	-30,108
Operating margin, %	neg.	neg.	neg.	neg.
Result before tax, TSEK	-5,451	-4,461	-24,704	-29,802
Net result, TSEK	-5,458	-4,461	-24,721	-29,802
Net margin, %	neg.	neg.	neg.	neg.
Shareholders' equity, TSEK	183,287	183,287	103,196	103,196
Balance sheet total, TSEK	189,611	189,611	105,586	105,586
Capital structure				
Solvency, %	96.66%	96.66%	97.74%	97.74%
Leverage ratio, %	n.a.	n.a.	n.a.	n.a.
Adjusted equity ratio, %	96.66%	96.66%	97.74%	97.74%
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	8,235	12,000	51,765	35,206
Profitability				
Return on shareholders' equity, %	neg.	neg.	neg.	neg.
Return on capital employed, %	neg.	neg.	neg.	neg.
Key figures per employee				
Average number of employees	11	11	5	6
Number of shares				
Dividend per share, SEK	n.a.	n.a.	n.a.	n.a.
Cash flow used in operations per share, SEK	neg.	neg.	neg.	neg.
Number of shares on balance day, thousands	19,178	17,225	19,178	17,225
Shareholders' equity per share, SEK	9.56	10.64	5.38	5.99
Weighted number of shares on balance day, thousands	19,178	17,225	17,592	15,329
Earnings per share, SEK	-0.28	-0.26	-1.41	-1.94
Earnings per share after dilution, SEK	-0.28	-0.26	-1.41	-1.94

For definitions of key ratios please refer to the 2007 Annual Report.
The abbreviation n.a. means not available.

FINANCIAL INFORMATION

The Company plans to publish the following financial reports:

Six month report (January - June 2008) on 21 August 2008

Nine month report (January - September 2008) on 13 November 2008

Year end report 2008 (January – December 2008) on 16 February 2009

Three month report 2009 (January - March 2009) on 20 May 2009

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

Stockholm, 8 May 2008

Magnus Nordin
Managing Director

Addresses

Corporate Head Office

Hovslagargatan 5B
111 48 Stockholm
Sweden
Tel. +46 8 679 49 90
Fax +46 8 678 89 01
E-mail: info@tethysoil.com

Technical Office

4 Rue de Rive
CH-1204 Geneva
Switzerland
Tel. +41 22 318 86 00
Fax +41 22 318 86 09
E-mail: info@tethysoil.com

www.tethysoil.com