

# TETHYS OIL

First quarter report  
2013



## FIRST QUARTER 2013

- Production from Oman and Lithuania of 368,481 barrels corresponding to 4,094 barrels per day
- Exploration well B4EW4 encountered oil and flowed close to 3,000 bopd on test
- Tethys Oil books the company's first reserves in Oman – 14.3 mmbo of 2P-reserves
- Tethys receives MUS\$ 10 bonus payment from Mitsui
- Net sales of MSEK 146 (MSEK 145)
- Net result after tax MSEK 105 (MSEK 108)
- Earnings per share before and after dilution of SEK 2.94 (SEK 3.31)

## SUBSEQUENT EVENTS

- Lithuania exploration well spudded in April
- Tethys Oil approved for listing on NASDAQ OMX Stockholm
- A second well is being drilled on the B4EW4 structure onshore Oman
- Production from Oman in April 2013 of 129,916 barrels corresponding to 4,331 barrels per day

MSEK (unless specifically stated)	1 Jan 2013– 31 Mar 2013 3 months	1 Jan 2012– 31 Mar 2012 3 months	1 Jan 2012– 31 Dec 2012 12 months
Production, before government take (bbl)	368,481	299,123	1,399,518
Net sales, after government take (bbl)	209,538	195,422	776,248
Average selling price per barrel, USD	107.63	108.61	110.35
Net sales of oil and gas	146	145	584
Operating result	124	109	336
EBITDA	152	119	509
Result for the period	105	108	314
Earnings per share before and after dilution, SEK	2.94	3.31	9.11
Cash and cash equivalents	270	68	248
Shareholders' equity	949	559	860
Long term debt	418	3	417
Investments	35	210	875

## Tethys Oil AB (publ)

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

# Dear Friends and Investors



After nine years and one month on the First North list, Tethys was on 2 May admitted to the MidCap segment of the main market of NASDAQ OMX Stockholm stock exchange. We would therefore like to extend a special welcome to new Friends and Investors that we have gained and will gain through this upgrade of Tethys as an investment vehicle. Over the last 12 months the number of shareholders holding Tethys shares increased by more than 50% and a number of Swedish and foreign institutions joined the shareholder list. Being now formally listed on a main stock exchange we are confident that both the overall number of shareholders as well as the number of institutional owners will continue to increase.

During our almost ten years on First North, we have grown from being a small exploration company, with a market cap of less than SEK 40 million at the lowest point, to becoming a real upstream oil company valued at more than SEK 2 billion. And we are confident that growth will not stop here. Rather the opposite. Over the years, we have had operations in many countries in Europe, North Africa and the Middle East. The real success came when we entered Oman, our core area today. We have two producing oil fields on Blocks 3 and 4, but have so far only explored a fraction of all leads and possibilities the Blocks offer. We have a second operational leg in Lithuania in Europe, which we entered in 2011. We have indeed an operational platform for growth.

When we enter the main market on the NASDAQ OMX Stockholm, we also do it with a strong financial position and a substantial cash flow. Our production in the first quarter increased 25% compared to first quarter last year and amounted to 368,481 barrels before government take. Our net sales amounted to 209,538 barrels of oil, which resulted in revenues of MSEK 146. We made a net result for the period of MSEK 105, corresponding to earnings per share of SEK 2.94.

But we will not rest on past laurels. Looking forward we are happy to say that we are confident that both production and reserves/resources will increase during the remainder of 2013.

On Block 3, one rig has been dedicated to the continued implementation of the water injection programme along the Farha trend. By injecting water into the producing fault block, the pressure is increased enabling recovery and production to increase. And we are pleased to note that the field continues to respond well to the water injection. We would therefore expect a gradually increasing production from Block 3.

On Block 4, drilling activity include one exploration well and one additional production well in the Khufai reservoir in the Saiwan field. The Khufai reservoir remains complicated and not that well understood. A fact further underscored by last year's exploration well into the Khufai, B4EW3, where more work is needed to optimize

production and better define reserves. The exploration well B4EW4 drilled on Block 4 at the beginning of the year has so far been a huge success. Several oil bearing reservoir layers were encountered and one of these, in the Buah limestone, has been in test production for most of March and April contributing at rates above 2,000 bopd. The results are in fact so encouraging that a second appraisal/production well is being drilled to further appraise and attempt to bring on test production other reservoir layers in B4EW4. A 3D seismic survey has been completed over this area which is currently being processed. If the B4EW4 wells continue to deliver, and the seismic survey gives encouragement, this discovery could very well have proved to be of significant importance both as a potential new oilfield but also to increase the prospectivity for large parts of the surrounding license area.

In Lithuania we are drilling a twin well to an old Soviet discovery on the Raiseiniai license and on Rietavas, where we are partners with Chevron, preparatory work and data compilation has been ongoing during the quarter with a view to start drilling operations late in the second quarter.

So stay with us, we believe we have an excellent platform for continued growth.

Stockholm in May 2013

**Magnus Nordin**  
*Managing Director*

# Financial and operational review<sup>1</sup>

## Review of operations

### Oman

#### *Blocks 3 and 4*

A total of eight wells were completed on the Blocks during the first quarter 2013. The drilling programme on Farha South was in the first quarter 2013 focused on the water injection programme, with two water source wells and four water injectors completed in the quarter. In Saiwan East, the vertical section of a development well, with a planned horizontal section, was also drilled close to the producing wells SE-2, 3 and 8.

The exploration well B4EW4 spudded in November 2012, was completed and put onto test production in the first quarter 2013. It was drilled to a final total depth of 3,030 metres approximately 20 km west of the Saiwan East oil field. Strong oil shows were recorded during drilling in the Lower Al Bashir, Buah, Khufai and Masirah Bay formations. The well flowed at a combined rate of close to 3,000 bopd on a 36/64 inch choke from the Buah and Khufai sections. The well was completed as a production well and was put onto test production. In April 2013, the step out well B4EW4-2 was spudded, targeting a shallower part of the Buah formation.

Fine tuning and optimization continues in both the Farha and Saiwan plants in order to utilize the facilities in the most efficient way.

The first seismic acquisition, which includes the B4EW4 area, was completed in early April and processing is on-going. The processing is estimated to be completed late in the third quarter 2013.

#### *Block 15*

The field work on Block 15 continues with the aim to put the JAS-1 well in an

extended production test during the first half of the year. JAS-1 flowed gas and condensate when tested in 2007.

### Lithuania

#### *Gargzdai licence*

The 2013 work programme on Gargzdai licence aims at stabilizing production, and additional exploration may be carried out in the second half of the year.

#### *Rietavas licence*

On the Rietavas license, preparatory work and data compilation has been ongoing during the quarter with a view to start drilling operations late in the second quarter. The work programme, to be fully funded by Chevron, is primarily designed to evaluate the license for shale gas/oil potential.

#### *Raiseiniai licences*

On the Raiseiniai license, the drilling of the Lapgiriai-1 well commenced in April 2013. The primary target of this well is a Silurian reservoir that encountered oil in an adjacent Soviet era well. The old well, drilled in the 1980's, was never properly produced even though it tested oil to surface. Lapgiriai-1 will appraise the reef like feature originally penetrated and is planned to be drilled vertically to a total measured depth of just under 1,200 metres.

### France

On the French licences, the work programmes have been delayed at the request of the government. It is unclear when the work programme could be resumed.

### Sweden

#### *Gotland*

On the Swedish licences, the work programme has been postponed. Tethys is investigating the possibility to conduct exploratory drilling operations on 10 potential locations. It is not decided when the work programme should be resumed.

### Production

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

Production from Block 3 and 4 onshore Oman comes from two fields – the Farha South and Saiwan East oil fields. In addition to these fields, there has been test production from the discovery B4EW4. Production rates vary, mainly due to the ongoing development and continued fine-tuning of the infrastructure. Production from Oman accounts for 97% of total production.

During the first quarter 2013, the Blocks 3&4 Joint Venture's share of production has continued to be 52 per cent of total production, which is the highest possible share of production according to the terms of the EPSA. Tethys Oil's share of the Joint Venture is 30 per cent. For further information regarding Tethys Oil's share of production, please refer to the Annual Report 2012. The high share of production will remain as long as there are remaining recoverable costs, which are created through further investments in the blocks. The estimated recoverable costs as per 31 March 2013, net to Tethys Oil, amounts to MUSD 76.

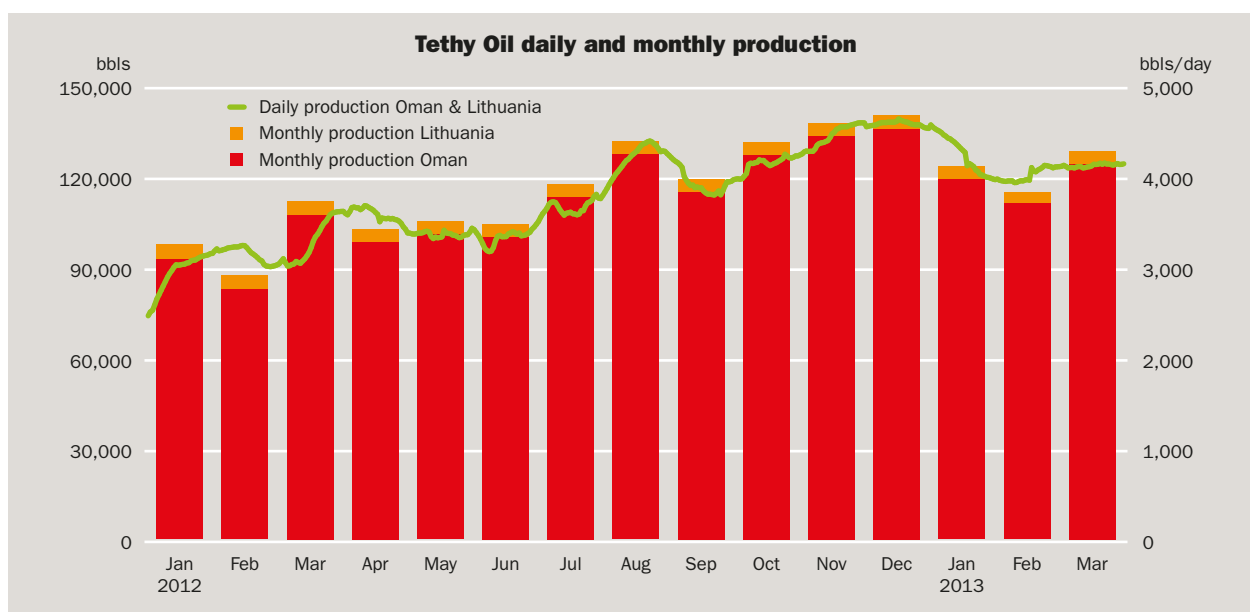
Production from the Gargzdai licence in western Lithuania has continued to decrease compared with the first quarter 2012, which is in line with the expected depletion of the fields. Tethys Oil's interest in Gargzdai is held indirectly through Odin Energi A/S, an associated Danish company.

<sup>1</sup> 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 three months 2013 ended 31 March 2013. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period. Segments of the Group are geographical markets.

### Quarterly volumes, before government take

Tethys' share of quarterly production, (bbl)	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
<b>Oman, Block 3&amp;4</b>					
Production	356,049	400,324	358,968	302,081	284,481
Average daily production	3,956	4,351	3,902	3,320	3,126
<b>Lithuania, Gargzdai</b>					
Production	12,432	13,233	12,737	13,052	14,642
Average daily production	138	144	138	143	161
<b>Total production</b>	<b>368,481</b>	<b>413,557</b>	<b>371,705</b>	<b>315,133</b>	<b>299,123</b>
<b>Total average daily production</b>	<b>4,094</b>	<b>4,495</b>	<b>4,040</b>	<b>3,463</b>	<b>3,287</b>

### Average daily and monthly production net to Tethys Oil during 2012 and 2013



### Net sales

During the first three months 2013, Tethys Oil sold 209,538 (195,422 for same period last year) barrels of oil after government take from Block 3 and 4 in Oman. This resulted in net sales during the first quarter 2013 of MSEK 146 (MSEK 144). The average selling price per barrel amounted to USD 108 per barrel during the first quarter 2013 (USD 109 per barrel).

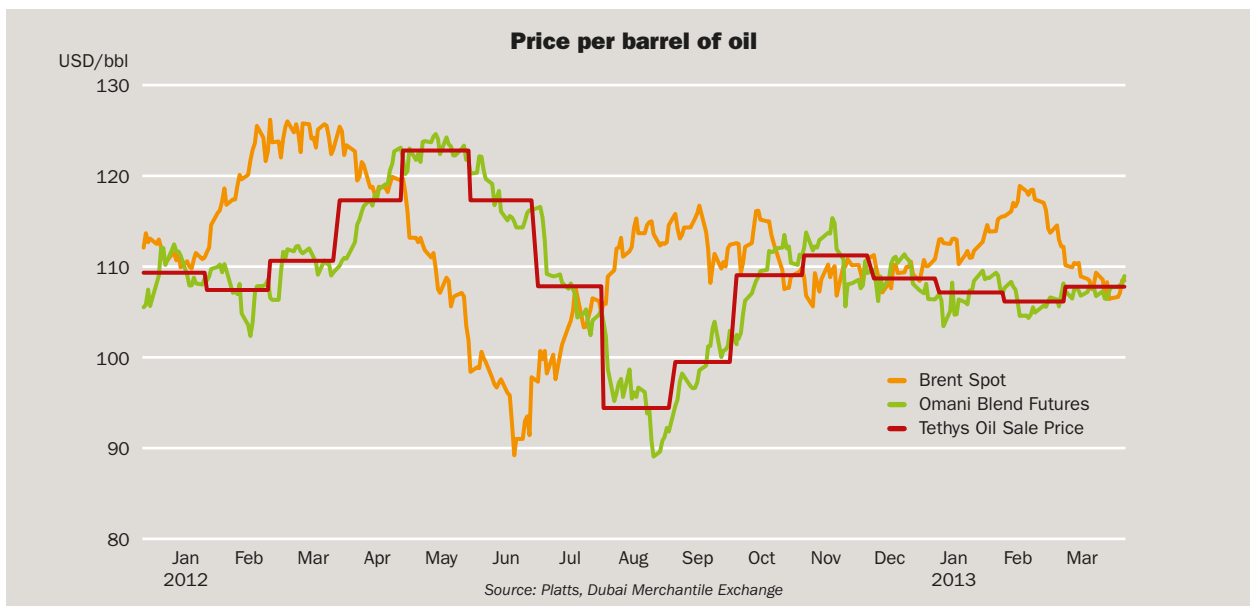
The first quarter net sales 2013 are in line with first quarter net sales 2012. The first quarter 2012 was significantly impacted by an additional lifting, originally scheduled

for December 2011 (which regarded production from December 2011) but conducted in early January 2012, giving the first quarter full year 2012 a one-off additional sales amounting to MSEK 38. The net sales development is therefore not supported by production development, which is significantly higher in first quarter 2013 compared to first quarter 2012.

During the first quarter 2013 there has been a 2 per cent strengthening of the SEK in relation to USD. Furthermore, Tethys Oil has moved from an overlift position as per 31 December 2012 amounting

to 609 barrels to an overlift position as per 31 March 2013 of 24,123 barrels.

The selling price received by Tethys Oil is determined for each calendar month based on the monthly average prices of the two month future price of Omani blend (see chart below). During the first quarter 2013, prices have been trading between high levels of USD 110 per barrel and low levels of USD 104 per barrel. First quarter 2013 prices are in line with the equivalent period last year.



## Result

Tethys Oil reports a net result after tax for the first quarter 2013 of MSEK 105 (MSEK 108), representing earnings per share of SEK 2.94 (SEK 3.31). The result for the first quarter 2013 is basically in line with the result for the equivalent period of last year.

- The first quarter result 2012 was significantly impacted by an additional lifting giving a one-off additional sales amounting to MSEK 38.
- In line with the farmout agreement and presented as Other income, Tethys Oil received in the first quarter 2013 from Mitsui a bonus amounting to MSEK 65 (MUSD 10) as commercial production exceeded 10,000 bopd for 30 consecutive days and following the approval of the Field Development Plan ("FDP") December 2012

### Net profit from associated companies

Tethys Oil holds indirect interest in the three Lithuanian licences; Gargzdai, Rietavas and Raiseiniai. 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 amounted to MSEK 3.

### Net financial result

The result for the first quarter 2013 has been impacted by net foreign exchange losses and interest on long term debt. The currency exchange effect of the group amounts to MSEK -9 and most of the effect relates to the weaker US dollar in relation to the Swedish krona. Currency translation differences between the parent company and subsidiaries are non cash related items. Interest on long term debt amounted to MSEK 10. The currency exchange effect and interest on long term debt is part of net financial result amounting to MSEK -20 for the first quarter.

### Depletion, depreciation and amortisation

Depletion, depreciation and amortisation ("DD&A") for the first quarter 2013 amounted to MSEK 28 (MSEK 9). Higher DD&A during the first quarter 2013 compared to equivalent period last year is referable to depletion of oil and gas properties which furthermore only relate to Blocks 3&4. The depletion development between the comparable periods is a result of the high level of investments in Blocks 3&4 during the full year 2012 which has

increased oil and gas properties and higher production rates during 2013 which also increase the depletion rate.

### Operating expenses

Operating expenses (OPEX) amounted during the first quarter 2013 to MSEK 56 (MSEK 20). Operating expenses are related to oil and gas production on Block 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. 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 March 2013 amounting to 24,123 barrels, the Operating expenses during the first quarter 2013 have been increased by MSEK 16. Furthermore, Operating expenses have been significantly impacted by transfer of late incoming expenses from 2012 amounting to MSEK 13.

### Administrative expenses

Administrative expenses amounted to MSEK 5 (MSEK 6) for the first quarter 2013. Administrative expenses are mainly salaries, rents, listing costs and outside services. The administrative expenditures during the first quarter are in line with same period last year.

## Summary of oil and gas interests (MSEK)

Tethys Oil has interests in licences in Oman, Lithuania, France and Sweden.

Country	Licence name	Tethys Oil, %	Total area, km <sup>2</sup>	Partners (operator in bold)	Book value 31 Mar 2012	Book value 31 Dec 2012	Investments Jan-Mar 2013
Oman	Block 15	40%	1,389	<b>Odin Energy</b> , Tethys Oil	27	27	0
Oman	Block 3, 4	30%	34,610	<b>CCED</b> , Mitsui, Tethys Oil	873	890	35
France	Attila	40%	1,986	<b>Galli Coz</b> , Tethys Oil	-	-	0
France	Alès	37,5%	215	<b>Tethys Oil</b> , MouvOil	-	-	-
Sweden	Gotland Större (incl Gotland Mindre)	100%	581	<b>Tethys Oil</b>	2	2	-
Lithuania	Gargzdai <sup>2</sup>	25%	884	<b>Odin</b> , GeoNafta, Tethys Oil	-	-	-
Lithuania	Rietavas <sup>2</sup>	14%	1,594	<b>Chevron</b> , Odin, Tethys Oil	-	-	-
Lithuania	Raiseiniai <sup>2</sup>	26%	1,535	<b>Odin</b> , Tethys Oil, private investors	-	-	-
New ventures					1	0	0
<b>Total</b>			<b>42,794</b>		<b>903</b>	<b>919</b>	<b>36</b>

2 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding 100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under Shares in associated companies.

Regarding licences Rietavas and Raiseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 31 March 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raiseiniai respectively

Oil and gas properties as per 31 March 2012 amounted to MSEK 903 (MSEK 919). Investments in oil and gas properties of MSEK 36 (MSEK 210) were incurred for the three month period ending 31 March 2013.

### Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK -24 during the first quarter 2013, which are not cash related items and therefore not included in investments. For more information please see above under Result.

## Reserves and resources

### Oman

Tethys Oil's net working interest reserves in the Sultanate of Oman as per December 31, 2012, amounts to 14.3 million barrels of oil ("mmbo") of proven and probable reserves.

### Reserves (Audited)

mmbo	1P	2P	3P
Farha South Field, Oman	4.2	12.5	15.7
Saiwan East Field, Oman	0.9	1.4	2.5
B4EW3 discovery, Oman	0.2	0.4	0.5
<b>Total</b>	<b>5.3</b>	<b>14.3</b>	<b>18.7</b>

The reserves in the Farha South field are from the Barik reservoir section only. The reserves in the Saiwan East field and the B4EW3 area discovery are in the Khufai reservoir. The review of the reserves in Oman has been conducted by independent petroleum consultant DeGolyer and MacNaughton ("D&M").

The reserve report replaces the previous report by D&M regarding contingent resources. Tethys Oil's net working interest resources oil base in the Sultanate of Oman as at December 31, 2011, amounted to 2.6 mmbo of 1C contingent resources, 9.8 mmbo of 2C and 12.4 mmbo of 3C.

## **Investments**

### *Blocks 3 & 4*

During the first quarter 2013, investments amounting to MSEK 35 were made in Blocks 3 & 4.

Of the total investment amount, MSEK 33 consists of new investments in the blocks and the remaining MSEK 2 emanate from that part of investments previously made by Mitsui on Tethys Oil's behalf under the Carry agreement and was recovered by Mitsui during the first quarter from Tethys Oil's share of cost recovery oil entitlement.

Of the CAPEX investments of MSEK 33 made by Tethys Oil during the first quarter 2013, most has been spent on exploration drilling and water injection wells.

### *Other investments*

Other investments amounted during the period to MSEK 1, where Block 15 and new ventures account for most of the investments. On Block 15, preparatory work to put JAS-1 in production has continued during the first quarter.

## **Liquidity and financing**

Cash and bank as at 31 March 2013 amounted to MSEK 270 (MSEK 248).

The increase in liquidity is explained by the positive cash flow for the first quarter 2013. All investments have been financed by funds generated from operations and there has been no external financing during the first quarter 2013.

In accordance with the 2010 farmout agreement, Mitsui commenced during first quarter 2012 recovering the MUSD 60 paid on behalf of Tethys Oil from the proceeds of Tethys Oil's share of cost recovery oil entitlement. Under the carry agreement, Tethys Oil has allocated its entire share of cost recovery entitlement to Mitsui until the full MUSD 60 was recovered by Mitsui. As per January 2013 the final balance cost recovery repayment was allocated to Mitsui.

The high level of investments on Block 3 and 4 will continue, with a main focus

on exploration and a water injection programme to enhance production. Tethys Oil's share of the total Joint Venture investment budget for 2013 on Blocks 3&4, amounts to around MSEK 300. The investment budget is expected to be fully financed by cash flow from operations.

Tethys Oil's operations in Lithuania is expected to continue to be self-financed from oil production on the Gargzdai licence and financed by Chevron on the Rietavas licence.

A large part of cash and cash equivalents are kept in USD which has depreciated against SEK during the reporting period. The currency exchange effect on cash and cash equivalents amounted during first quarter 2013 to MSEK -4.

## **Financial assets**

Tethys Oil's interests in three Lithuanian licences are held through two private Danish companies. For more information regarding the ownership structure, please refer to note 7. As per 31 March 2013 the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 191.

Tethys Oil's share of net profit during the first quarter 2013 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK 3. The 2013 result was mainly generated from selling 4,323 (Tethys Oil's indirect share) at an average price of USD 109 per barrel. Tethys Oil expects part of the cash flow from the indirectly held Lithuanian interests to be distributed to Tethys Oil in form of a dividend.

## **Parent company**

The Parent company reports a net result after tax for the first quarter 2013 amounting to MSEK -15 (MSEK -2). Administrative expenses amounted to MSEK 3 (MSEK 2) for the first quarter 2013. Net financial loss amounted to MSEK -16 (MSEK -0) during the first quarter 2013. Interest paid on the bond loan and the weaker US dollar has had a negative impact on net financial result during the

first quarter 2013. The exchange rate losses regard translation differences and are non cash related. Investments during the first quarter 2013 amounted to MSEK 9 (MSEK 3). 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 General Meeting of shareholders on 16 May 2012 Håkan Ehrenblad, Vincent Hamilton, John Hoey, Magnus Nordin and Jan Risberg were re-elected members of the Board. Katherine Støvring and Staffan Knafve were elected as new directors. No deputy directors were appointed. At the same meeting Vincent Hamilton was appointed Chairman of the Board.

The Annual General Meeting 2013 will be held 15.00, 22 May 2013 at Van der Nootska Palatset, Stockholm.

## **Share data**

As per 31 March 2013, the number of outstanding shares in Tethys Oil amount to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (SEK 0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

## **Risks and uncertainties**

A statement of risk and uncertainties are presented in note 1, page 17.

## **Subsequent events**

- Lithuania exploration well spudded in April
- Tethys Oil approved for listing on NASDAQ OMX Stockholm
- A second well is being drilled on the B4EW4 structure
- Production from Oman of 129,916 barrels corresponding to 4,331 barrels per day



# Consolidated statement of comprehensive income in summary

TSEK	1 Jan 2013– 31 Mar 2013 3 months	1 Jan 2012– 31 Mar 2012 3 months	1 Jan 2012– 31 Dec 2012 12 months
Net sales of oil and gas	146,229	144,710	583,990
Depletion, depreciation and amortisation	-28,163	-9,617	-54,508
Exploration costs	–	–	-117,521
Other income	64,839	–	56
Operating expenses	-56,573	-20,145	-95,518
Net profit/loss from associates	2,777	–	49,043
Other losses/gains, net	18	-15	-42
Administrative expenses	-5,034	-5,605	-29,200
<b>Operating result</b>	<b>124,092</b>	<b>109,327</b>	<b>336,300</b>
Financial income and similar items	492	660	14,673
Financial expenses and similar items	-20,017	-2,346	-36,798
<b>Net financial loss/profit</b>	<b>-19,524</b>	<b>-1,686</b>	<b>-22,125</b>
<b>Result before tax</b>	<b>104,567</b>	<b>107,641</b>	<b>314,175</b>
Income tax	-23	-40	-213
<b>Result for the period</b>	<b>104,544</b>	<b>107,601</b>	<b>313,962</b>
<b>Other comprehensive result</b>			
Currency translation differences	-15,872	-4,451	-23,630
<b>Other comprehensive result for the period</b>	<b>-15,872</b>	<b>-4,451</b>	<b>-23,630</b>
<b>Total comprehensive result for the period</b>	<b>88,672</b>	<b>103,150</b>	<b>290,332</b>
Number of shares outstanding	35,543,750	32,543,750	35,543,750
Number of shares outstanding (after dilution)	35,543,750	32,543,750	35,543,750
Weighted number of shares	35,543,750	32,520,596	34,464,515
Earnings per share, SEK	2.94	3.31	9.11
Earnings per share (after dilution), SEK	2.94	3.31	9.11

# Consolidated balance sheet in summary

TSEK	31 Mar 2013	31 Dec 2012
<b>ASSETS</b>		
<b>Non current assets</b>		
Oil and gas properties	902,738	919,523
Office equipment	1,658	2,086
Investment in associates	190,938	188,161
	<b>1,095,334</b>	<b>1,109,770</b>
<b>Current assets</b>		
Other receivables	48,242	14,618
Prepaid expenses	2,766	1,812
Cash and cash equivalents	270,237	248,038
	<b>321,245</b>	<b>264,467</b>
<b>TOTAL ASSETS</b>	<b>1,416,580</b>	<b>1,374,237</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	5,924	5,924
Additional paid in capital	552,060	552,060
Other reserves	-42,457	-26,585
Retained earnings	433,267	328,723
<b>Total shareholders' equity</b>	<b>948,794</b>	<b>860,122</b>
<b>Non current liabilities</b>		
Bond issue	389,899	388,862
Other non current liabilities	27,785	28,279
	<b>417,683</b>	<b>417,141</b>
<b>Current liabilities</b>		
Accounts payable	899	684
Other current liabilities	43,640	12,762
Accrued expenses	5,579	83,529
	<b>50,117</b>	<b>96,975</b>
<b>Total liabilities</b>	<b>467,801</b>	<b>514,115</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,416,580</b>	<b>1,374,237</b>
Pledged assets	735,114	625,683
Contingent liabilities	-	15,648

# Consolidated statement of changes in equity in summary

TSEK	Share capital	Paid in capital	Other reserves	Retained earnings	Total equity
<b>Opening balance 1 January 2012</b>	<b>5,424</b>	<b>438,329</b>	<b>-2,955</b>	<b>14,761</b>	<b>455,559</b>
<b>Comprehensive income</b>					
Result for the first quarter 2012	-	-	-	108,190	<b>108,190</b>
Result for the second quarter 2012	-	-	-	15,205	<b>15,205</b>
Result for the third quarter 2012	-	-	-	45,963	<b>45,963</b>
Result for the fourth quarter 2012	-	-	-	144,605	<b>144,605</b>
<b>Period result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>313,962</b>	<b>313,962</b>
<b>Other Comprehensive income</b>					
Currency translation differences first quarter 2012	-	-	-4,451	-	<b>-4,451</b>
Currency translation differences second quarter 2012	-	-	9,734	-	<b>9,734</b>
Currency translation differences third quarter 2012	-	-	-29,052	-	<b>-29,052</b>
Currency translation differences fourth quarter 2012	-	-	140	-	<b>140</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-23,630</b>	<b>-</b>	<b>-23,630</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-23,630</b>	<b>313,962</b>	<b>290,332</b>
<b>Transactions with owners</b>					
Share issue 2012	500	119,500	-	-	<b>120,000</b>
Issue costs	-	-5,769	-	-	<b>-5,769</b>
<b>Total transactions with owners</b>	<b>500</b>	<b>113,819</b>	<b>-</b>	<b>-</b>	<b>114,319</b>
<b>Closing balance 31 Dec 2012</b>	<b>5,924</b>	<b>552,060</b>	<b>-26,585</b>	<b>328,723</b>	<b>860,122</b>
<b>Opening balance 1 January 2013</b>	<b>5,924</b>	<b>552,060</b>	<b>-26,585</b>	<b>328,723</b>	<b>860,122</b>
<b>Comprehensive income</b>					
Result for the first quarter 2013	-	-	-	104,544	<b>104,544</b>
<b>Period result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,544</b>	<b>104,544</b>
<b>Other Comprehensive income</b>					
Currency translation differences first quarter 2013	-	-	-15,872	-	<b>-15,872</b>
Total other comprehensive income	-	-	-15,872	-	<b>-15,872</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-15,872</b>	<b>104,544</b>	<b>88,672</b>
<b>Closing balance 31 Mar 2013</b>	<b>5,924</b>	<b>552,060</b>	<b>-42,457</b>	<b>433,267</b>	<b>948,794</b>

# Consolidated cash flow statement in summary

TSEK	1 Jan 2013– 31 Mar 2013 3 months	1 Jan 2012– 31 Mar 2012 3 months	1 Jan 2012– 31 Dec 2012 12 months
<b>Cash flow from operations</b>			
Operating result	124,092	109,327	336,300
Interest received	–	–	550
Interest paid	-19,000	–	–
Income tax	-23	-40	-213
Adjustment for exploration costs	–	–	117,521
Adjustment for depletion, depreciation and other non cash related items	28,778	11,486	12,830
<b>Total cash flow from operations before change in working capital</b>	<b>133,847</b>	<b>120,774</b>	<b>466,988</b>
Change in receivables	-34,578	-10,418	-13,850
Change in liabilities	-37,357	75,408	76,710
<b>Cash flow from operations</b>	<b>61,912</b>	<b>185,764</b>	<b>529,847</b>
<b>Investment activity</b>			
Investment in oil and gas properties	-33,308	-155,632	-493,364
Oil and gas properties from cost oil repayment	-2,366	-54,237	-381,240
Investment in other fixed assets	271	-128	-697
<b>Cash flow from investment activity</b>	<b>-35,404</b>	<b>-209,997</b>	<b>-875,301</b>
<b>Financing activity</b>			
Share issue, net after issue costs	–	–	114,231
Bond issue, net after issue costs	–	–	387,553
<b>Cash flow from financing activity</b>	<b>–</b>	<b>–</b>	<b>501,784</b>
<b>Period cash flow</b>	<b>26,508</b>	<b>-24,233</b>	<b>156,330</b>
Cash and cash equivalents at the beginning of the period	248,038	93,105	93,105
Exchange gains/losses on cash and cash equivalents	-4,309	-925	-1,398
Cash and cash equivalents at the end of the period	270,237	67,947	248,038

# Parent company income statement in summary

TSEK	1 Jan 2013– 31 Mar 2013 3 months	1 Jan 2012– 31 Mar 2012 3 months	1 Jan 2012– 31 Dec 2012 12 months
Net sales of oil and gas			
Depletion, depreciation and amortisation	-16	-	-
Other income	735	445	2,781
Net profit/loss of associates	2,777	-	49,043
Other losses/gains, net	18	-15	-42
Administrative expenses	-2,713	-2,118	-11,902
<b>Operating result</b>	<b>800</b>	<b>-1,689</b>	<b>39,880</b>
Financial income and similar items	3,790	1,939	70,362
Financial expenses and similar items	-19,670	-2,276	-36,363
Write down of shares in group company	-	-	-156,673
<b>Net financial loss/profit</b>	<b>-15,881</b>	<b>-338</b>	<b>-122,673</b>
<b>Result before tax</b>	<b>-15,080</b>	<b>-2,026</b>	<b>-82,793</b>
Income tax	-	-	-
<b>Loss for the period</b>	<b>-15,080</b>	<b>-2,026</b>	<b>-82,793</b>
Number of shares outstanding	35,543,750	32,543,750	35,543,750
Number of shares outstanding (after dilution)	35,543,750	32,543,750	35,543,750
Weighted number of shares	35,543,750	32,543,750	34,464,515

# Parent company balance sheet in summary

TSEK	31 dec 2012	31 dec 2011
<b>ASSETS</b>		
Total non current assets	565,440	562,763
Total current assets	95,048	189,648
<b>TOTAL ASSETS</b>	<b>660,487</b>	<b>752,411</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	266,317	281,397
Total non current liabilities	389,899	388,862
Total current liabilities	4,272	82,152
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>660,487</b>	<b>752,411</b>
Pledged assets	735,114	625,683
Contingent liabilities	-	-

# Parent company statement of changes in equity in summary

TSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net result	
<b>Opening balance 1 January 2012</b>	<b>5,424</b>	<b>71,071</b>	<b>367,258</b>	<b>-179,124</b>	<b>-14,669</b>	<b>249,960</b>
Transfer of prior year net result	-	-	-	-14,669	14,669	-
<b>Comprehensive income</b>						
Loss for the first quarter 2012	-	-	-	-	-1,438	<b>-1,438</b>
Loss for the second quarter 2012	-	-	-	-	-126,039	<b>-126,039</b>
Loss for the third quarter 2012	-	-	-	-	-17,173	<b>-17,173</b>
Profit for the fourth quarter 2012	-	-	-	-	61,856	<b>61,856</b>
<b>Period result</b>	-	-	-	-	<b>-82,793</b>	<b>-82,793</b>
<b>Total comprehensive income</b>	-	-	-	-	<b>-82,793</b>	<b>-82,793</b>
<b>Transactions with owners</b>						
Share issue 2012	500	-	119,500	-	-	<b>120,000</b>
Issue costs	-	-	-5,769	-	-	<b>-5,769</b>
<b>Total transactions with owners</b>	<b>500</b>	-	<b>113,819</b>	-	-	<b>114,319</b>
<b>Closing balance 31 Dec 2012</b>	<b>5,924</b>	<b>71,071</b>	<b>480,989</b>	<b>-193,794</b>	<b>-82,793</b>	<b>281,397</b>
<b>Opening balance 1 January 2013</b>	<b>5,924</b>	<b>71,071</b>	<b>480,989</b>	<b>-193,794</b>	<b>-82,793</b>	<b>281,397</b>
Transfer of prior year net result	-	-	-	-82,793	82,793	-
<b>Comprehensive income</b>						
Loss for the first quarter 2013	-	-	-	-	-15,080	<b>-15,080</b>
<b>Period result</b>	-	-	-	-	<b>-15,080</b>	<b>-15,080</b>
<b>Total comprehensive income</b>	-	-	-	-	<b>-15,080</b>	<b>-15,080</b>
<b>Closing balance 31 Mar 2013</b>	<b>5,924</b>	<b>71,071</b>	<b>480,989</b>	<b>-276,587</b>	<b>-15,080</b>	<b>266,317</b>

# Notes

## General information

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

The Company is a limited liability company incorporated and domiciled in Stock-

holm, Sweden. The Company is listed on NASDAQ OMX Stockholm.

## Accounting principles

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

RFR 2 –“Accounting for legal entities”, issued by the Swedish Financial Accounting Standards Council. The same accounting principles were used in the Annual report 2012.

## Financial instruments

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

## Exchange rates

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

Currency	2013 Average	2013 Period end	2012 Average	2012 Period end
SEK/CHF	7.98	6.82	7.35	7.40
SEK/DKK	1.18	1.21	–	–
SEK/EUR	8.56	8.33	8.90	8.94
SEK/LTL	2.56	2.62	–	–
SEK/USD	6.48	6.45	6.82	6.74

## Fair value

The nominal value of accounts payables, cash and bank and accounts receivables is a fair approximation of those line items. The nominal amount of the bond loan was TSEK 400,000 and issued at a fixed annual interest rate of 9.50 per cent and it was trading at 7.97 per cent as per 31 March 2013 (7.97 per cent).

## IAS 39 valuation categories and related balance sheet items

31 March 2013			
TSEK	Financial assets and liabilities at fair value through profit or loss	Receivables and other receivables	Other liabilities
Other receivables	–	48,242	–
Cash and bank	–	270,237	–
Debt	–	–	389,899
Accounts payables	–	–	899
Other current liabilities	–	–	43,640
31 December 2012			
TSEK	Financial assets and liabilities at fair value through profit or loss	Receivables and other receivables	Other liabilities
Other receivables	–	14,618	–
Cash and bank	–	248,038	–
Debt	–	–	388,862
Accounts payables	–	–	684
Other current liabilities	–	–	12,762



## **Note 1, Risks and uncertainties**

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

### **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. 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 key personnel.

### **Financial risk**

By operating in several countries, Tethys Oil is exposed to fluctuations in a number of currencies. Income is and will also most likely be denominated in foreign currencies, US dollars in particular. Furthermore, Tethys Oil has since inception been equity financed through share issues and financed by asset divestment. Additional capital may be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need may occur during less favourable market conditions.

A more detailed analysis of the Group's risks and uncertainties and how the Group addresses these risks, are given in the Annual report for 2012.

## **Note 2, Net sales of oil and gas**

During the first three months 2012, Tethys Oil sold 209,538 (195,422) barrels of oil after government take from Block 3 and 4 in Oman. This resulted in net sales during the first quarter 2013 of TSEK 146,229

(TSEK 144,710). The average selling price per barrel amounted to USD 107.63 per barrel during the first quarter 2013 (USD 108.61).

### Note 3, Segment reporting

The Group's accounting principle for segment describes that operating segments are based on geographic perspective. The operating result for each segment is presented below.

Group income statement Jan-Mar 2012								
TSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	144,710	-	-	-	<b>144,710</b>
Depreciation, depletion and amortisation	-22	-	-	-9,440	-21	-135	-	<b>-9,617</b>
Exploration costs	-	-	-	-	-	-	-	<b>-</b>
Other income	-	-	-	-	-	-	-	<b>-</b>
Operating expenses	-	-	-	-20,145	-	-	-	<b>-20,145</b>
Net profit/loss from associates	-	-	-	-	-	-	-	<b>-</b>
Other losses/gains, net	-	-	-	-	-15	-	-	<b>-15</b>
Administrative expenses	-993	-	-	-611	-2,097	-1,575	-329	<b>-5,605</b>
<b>Operating result</b>	<b>-1,015</b>	<b>-</b>	<b>-</b>	<b>114,514</b>	<b>-2,133</b>	<b>-1,710</b>	<b>-329</b>	<b>109,327</b>
<b>Total financial items</b>								<b>-1,686</b>
<b>Result before tax</b>								<b>107,641</b>
Income tax								<b>-40</b>
<b>Result for the period</b>								<b>107,601</b>

Group income statement Jan-Mar 2013								
TSEK	Dubai	France	Lithuania	Oman	Sweden	Switzerland	Other	Total
Net sales	-	-	-	146,229	-	-	-	146,229
Depreciation, depletion and amortisation	-13	-	-	-27,989	-16	-146	-	-28,163
Exploration costs	-	-	-	-	-	-	-	-
Other income	-	-	-	64,839	-	-	-	64,839
Operating expenses	-	-	-	-56,573	-	-	-	-56,573
Net profit/loss from associates	-	-	2,777	-	-	-	-	2,777
Other losses/gains, net	-	-	-	-	-18	-	-	-18
Administrative expenses	-1,116	-	-	-736	-2,697	-448	-37	-5,034
<b>Operating result</b>	<b>-1,130</b>	<b>-</b>	<b>2,777</b>	<b>125,770</b>	<b>-2,711</b>	<b>-593</b>	<b>-37</b>	<b>124,076</b>
<b>Total financial items</b>								<b>-19,524</b>
<b>Result before tax</b>								<b>104,551</b>
Income tax								<b>-23</b>
<b>Result for the period</b>								<b>104,529</b>

## Note 4, Oil and gas properties

Country	Licence name	Phase	Expiration date	Remaining licence commitments	Tethys Oil, %	Partners (operator in bold)
Oman	Block 15	Exploration	Oct 2014	None	40%	<b>Odin Energy</b> , Tethys Oil
Oman	Block 3,4	Production	Jul 2040	None	30%	<b>CCED</b> , Mitsui, Tethys Oil
France	Attila	Exploration	2015 <sup>3</sup>	None	40%	<b>Galli Coz</b> , Tethys Oil
France	Alès	Exploration	2015	MUSD 1.5 <sup>4</sup>	37.5%	<b>Tethys Oil</b> , MouvOil
Sweden	Gotland Större, Mindre	Exploration	Dec 2013	None	100%	<b>Tethys Oil</b>
Lithuania	Gargzdai <sup>5</sup>	Production	No expiration date	None	25%	<b>Odin</b> , GeoNafta, Tethys Oil
Lithuania	Rietavas <sup>5</sup>	Exploration	Sep 2017	MLTL 6.2	14%	<b>Chevron</b> , <b>Odin</b> , Tethys Oil, private investors
Lithuania	Raseiniai <sup>5</sup>	Exploration	Sep 2017	MLTL 6.6	26%	<b>Odin</b> , Tethys Oil, private investors

TSEK	31 Mar 2013	31 Dec 2012
Producing cost pools	872,939	889,970
Non-producing cost pools	29,800	29,553
<b>Total</b>	<b>902,738</b>	<b>919,523</b>

Country	Asset type	Book value 31 Dec 2012	Other non-cash adjustments		Currency exchange diff 1 Jan-31 Dec 2012	DD&A <sup>6</sup> 1 Jan-31 Dec 2012	Exploration costs		Investments 1 Jan-31 Dec 2012	Book value 1 Jan 2012
			1 Jan-31 Dec 2012	1 Jan-31 Dec 2012			1 Jan-31 Dec 2012	1 Jan-31 Dec 2012		
Oman	Blocks 3 & 4 Producing	74,466	1,705 <sup>7</sup>	-10,703	-	-	16,890	66,573		
Oman	Block 15 Non-producing	113,671	-	1,182	-	-	19,807	92,682		
France	Attila Non-producing	9,717	-	-	-	-	479	9,238		
France	Alès Non-producing	5,764	-	-	-	-	5,764	-		
Sweden	Gotland Non-producing	2,200	-	-43	-	-	615	1,628		
New ventures	Non-producing	835	-	-	-	-	819	16		
<b>Total</b>		<b>206,651</b>	<b>1,705</b>	<b>-9,564</b>	<b>-</b>	<b>-</b>	<b>44,375</b>	<b>170,135</b>		

Country	Asset type	Book value 31 Mar 2013	Other non-cash adjustments		Currency exchange diff 1 Jan-31 Mar 2013	DD&A <sup>6</sup> 1 Jan-31 Mar 2013	Exploration costs		Investments 1 Jan-31 Mar 2013	Book value 1 Jan 2013
			1 Jan-31 Mar 2013	1 Jan-31 Mar 2013			1 Jan-31 Mar 2013	1 Jan-31 Mar 2013		
Oman	Block 3&4 Producing	889,970	26,428	-17,062	-54,508	-	860,646	74,466		
Oman	Block 15 Non-producing	26,943	-	930	-	-98,223	10,565	113,671		
France	Attila Non-producing	-	-	-	-	-10,118	401	9,717		
France	Alès Non-producing	-	-	-	-	-7,546	1,620	5,764		
Sweden	Gotland Non-producing	2,397	-	-	-	-	197	2,200		
New ventures	Non-producing	290	-	-	-	-1,633	1,249	833		
<b>Total</b>		<b>919,523</b>	<b>26,428</b>	<b>-16,132</b>	<b>-54,508</b>	<b>-117,520</b>	<b>874,604</b>	<b>206,651</b>		

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. Regarding licences Rietavas and Raseiniai, the two Lithuanian holding companies are undergoing reconstruction. Presented in the table is the indirect ownership expected after the reconstruction. As per 31 March 2013 the indirect ownership was 11 per cent and 21 per cent in Rietavas and Raseiniai respectively.

6 Depletion, depreciation and amortisation

7 Other non cash related items regard provision for site restoration.

## Note 5, Operating expenses

TSEK	Group		Parent	
	1 Jan–31 Mar 2013	1 Jan–31 Mar 2012	1 Jan–31 Mar 2013	1 Jan–31 Mar 2012
<b>Operating expenditures</b>				
General & Administrative	-	-	-	-
Production cost Early Production Facilities	-	-	-	-
Production cost Permanent Production Facilities	-	-	-	-
Well workovers	-	-	-	-
Over- / Underlift	-16,428,	2,187	-	-
Other	-	-	-	-
Accruals	-26,799	-22,332	-	-
Transferred costs from previous year	-13,346	-	-	-
<b>Total</b>	<b>-56,573</b>	<b>-20,145</b>	<b>-</b>	<b>-</b>

## 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

Parts of the administrative expenses in Tethys Oil are charged to oil and gas projects where the expenditures are capitalised. In case of Tethys Oil being the operator, these administrative expenditures are, through the above, also funded by the partners. The chargeout to the projects where Tethys Oil is operator is presented in the consolidated income statement as Other income. All other internal chargeouts are eliminated in the consolidated financial statements.

## Note 7, Associates

Tethys Oil holds an indirect interest of three Lithuanian companies holding three licences; Gargzdai, Rietavas and Raiseiniai licences. The interest is held through two Danish private companies part of the Odin Group of companies, Odin Energi and Jylland Olie. The table below presents the ownership and the result from associates for first quarter 2013. There was no result from associates for the equivalent period last year.

Tethys Oil AB	Ownership		Ownership		Ownership	
				Jylland Olie		42%
	Odin Energi	50%	Jylland Olie	42% <sup>8</sup>	UAB TAN Oil	50%
	UAB Minijos Nafta	50%	UAB TAN Oil	50%	UAB LL Investicos	50%
	<b>Gargzdai licence</b>	<b>100%</b>	<b>Raseiniai licence</b>	<b>100%</b>	<b>Rietavas licence</b>	<b>100%</b>
<b>Tethys Oil's indirect interest</b>	<b>25%</b>		<b>21%<sup>8</sup></b>			<b>11%<sup>8</sup></b>

### Tethys Oil's share of profit loss from associates

TSEK	1 Jan–31 Mar 2013	1 Jan–31 Mar 2013	1 Jan–31 Mar 2013
Gross revenue	9,429	–	–
Royalty	-1,083	–	–
<b>Net revenue</b>	<b>8,346</b>	<b>–</b>	<b>–</b>
Depreciation	-1,579	–	–
Appraisal/development costs	-282	–	–
Operating expenditures	-3,254	–	–
Administrative expenditures in Lithuanian company	-578	-165	–
<b>Operating result</b>	<b>2,652</b>	<b>-165</b>	<b>–</b>
Financial income	13	1,470	–
Financial expenditures	-53	-561	–
<b>Profit before tax</b>	<b>2,611</b>	<b>743</b>	<b>–</b>
Tax	-392	-111	–
<b>Tethys share of net profit from associates</b>	<b>2,220</b>	<b>632</b>	<b>–</b>
<b>Total share of net profit from associates</b>	<b>2,851</b>		

<sup>8</sup> Tethys Oil's interest in Jylland Olie amounts as per 31 December 2012 to 42 per cent but will after a reconstruction of Jylland Olie amount to 40 per cent.

Tethys Oil's interest in Rietavas and Raiseiniai licences are undergoing a reconstruction. Indirect interests of 14 respectively 26 per cent are expected after the reconstruction has been effectuated. The indirect interests as per 31 December 2012 are 11 respectively 21 per cent in Rietavas and Raiseiniai licences.

## **Note 8, Shareholders' equity**

As per 31 March 2013, the number of outstanding shares in Tethys Oil amounts to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (SEK 0.17). All shares represent one vote each. Tethys Oil does not have any incentive program for employees.

## **Note 9, Long term liabilities**

In September 2012, Tethys Oil issued a secured three-year bond loan of TSEK 400,000. The bonds were issued at 100 per cent of the nominal value and run with a fixed interest rate of 9.50 per cent per year. The maturity date of the bonds is 7 September 2015. The bonds are listed on NASDAQ OMX Stockholm. The transaction costs amounted to TSEK 12,447 and are depreciated during the maturity time of the bond. Long term liabilities amounted at 31 March 2013 to TSEK 389,899 (-).

## **Note 10, Provisions**

Tethys Oil estimates that Tethys Oil's share of site restoration regarding Block 3&4 amounts to TSEK 27,785 (TSEK 28,279). As a consequence of this provision, oil and gas properties have increased with an equal amount.

## **Note 11, Pledged assets**

As per 31 March 2013, pledged assets amounted to TSEK 735,114 (TSEK 625,683). Pledged assets are a continuing security with regard to the bonds where Tethys Oil has entered into a pledge agreement. The pledge relate to all shares in the subsidiary Tethys Oil Block 3&4 Ltd for the benefit of the bond holders and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd.

## **Note 12, Contingent liabilities**

There are no remaining outstanding contingent liabilities as per 31 March 2013. As per 31 December contingent liabilities amounted to TSEK 15,648. The background for the contingent liability as per 31 December 2012 is an agreement between Tethys Oil and Mitsui from 2010, whereby Mitsui undertook to fund Tethys Oil's share of non exploration related capital expenditure up to MUSD 60 on Blocks 3 and 4 effectively from 1 January 2010. As per 31 December 2011, Mitsui had fulfilled the undertaking and started during the first quarter 2012 to recover the MUSD 60 paid on behalf of Tethys Oil from the proceeds of Tethys Oil's share of cost recovery production entitlement. During the full year 2012, Mitsui received MUSD 58 from Tethys Oil's cost recovery. The remaining MUSD 2 was recovered by Mitsui during the first quarter 2013, which is why there are no outstanding contingent liabilities as per 31 March 2013.

## **Note 13, Related party transaction**

During the first quarter 2013, Tethys Oil Suisse S.A., a wholly owned subsidiary of Tethys Oil AB, has paid rent to Mrs Mona Hamilton amounting to CHF 22,000. Mrs. Mona Hamilton is the wife of Vincent Hamilton, the Chairman of Tethys Oil. The rent of office space is a commercially based agreement between Tethys Oil Suisse S.A. and Mrs. Mona Hamilton. The office rental agreement was cancelled as per 31 December 2012.

# Key ratios

Group	1 Jan 2013– 31 Mar 2013 3 months	1 Jan 2012– 31 Mar 2012 3 months	1 Jan 2012– 31 Dec 2012 12 months
<b>Items regarding the income statement and balance sheet</b>			
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.
Operating result, TSEK	124,092	109,327	336,300
Operating margin, %	84.86%	75.55%	57.59%
Result before tax, TSEK	104,567	107,641	314,175
Net result, TSEK	104,544	107,601	313,962
Net margin, %	71.49%	74.36%	53.76%
Shareholders' equity, TSEK	948,794	558,709	860,122
Balance sheet total, TSEK	1,416,580	644,498	1,374,237
<b>Capital structure</b>			
Solvency, %	66.98%	86.69%	62.59%
Leverage ratio, %	12.61%	n.a.	16.37%
Adjusted equity ratio, %	66.98%	86.69%	62.59%
Interest coverage ratio, %	2.21	n.a.	1.83
Investments, TSEK	35,404	209,997	875,301
<b>Profitability</b>			
Return on shareholders' equity, %	11.02%	19.26%	36.50%
Return on capital employed, %	7.65%	16.70%	24.58%
<b>Key figures per employee</b>			
Average number of employees	19	12	12
<b>Number of shares</b>			
Dividend per share, SEK	n.a.	n.a.	n.a.
Cash flow used in operations per share, SEK	1.74	5.71	15.37
Number of shares on balance day, thousands	35,544	32,544	35,544
Shareholders' equity per share, SEK	26.69	17.17	24.20
Weighted number of shares on balance day, thousands	35,544	32,521	34,465
Earnings per share, SEK	2.94	3.31	9.11
Earnings per share after dilution, SEK	2.94	3.31	9.11

For definitions of key ratios please refer to the 2012 Annual Report.  
The abbreviation n.a. means not applicable.

# Financial information

**The Company plans to publish the following financial reports:**

Annual general meeting will be held in Stockholm on 22 May 2013

Six month report 2013 (January–June 2013) on 20 August 2013

Nine month report 2013 (January–September 2013) on 12 November 2013

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

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

Stockholm, 7 May 2013

Tethys Oil AB (publ)

Org. No. 556615-8266

**Magnus Nordin**

*Managing Director*

For further information, please contact

Magnus Nordin, Managing Director, phone +46 8 505 947 02; [magnus@tethysoil.com](mailto:magnus@tethysoil.com)

or

Morgan Sadarangani, CFO, phone +46 8 505 947 01; [morgan@tethysoil.com](mailto:morgan@tethysoil.com)

Corporate Head Office

Tethys Oil AB

Hovslagargatan 5B

SE-111 48 Stockholm

Sweden

Tel. +46 8 505 947 00

Fax +46 8 505 947 99

E-mail: [info@tethysoil.com](mailto:info@tethysoil.com)

Website: [www.tethysoil.com](http://www.tethysoil.com)

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

