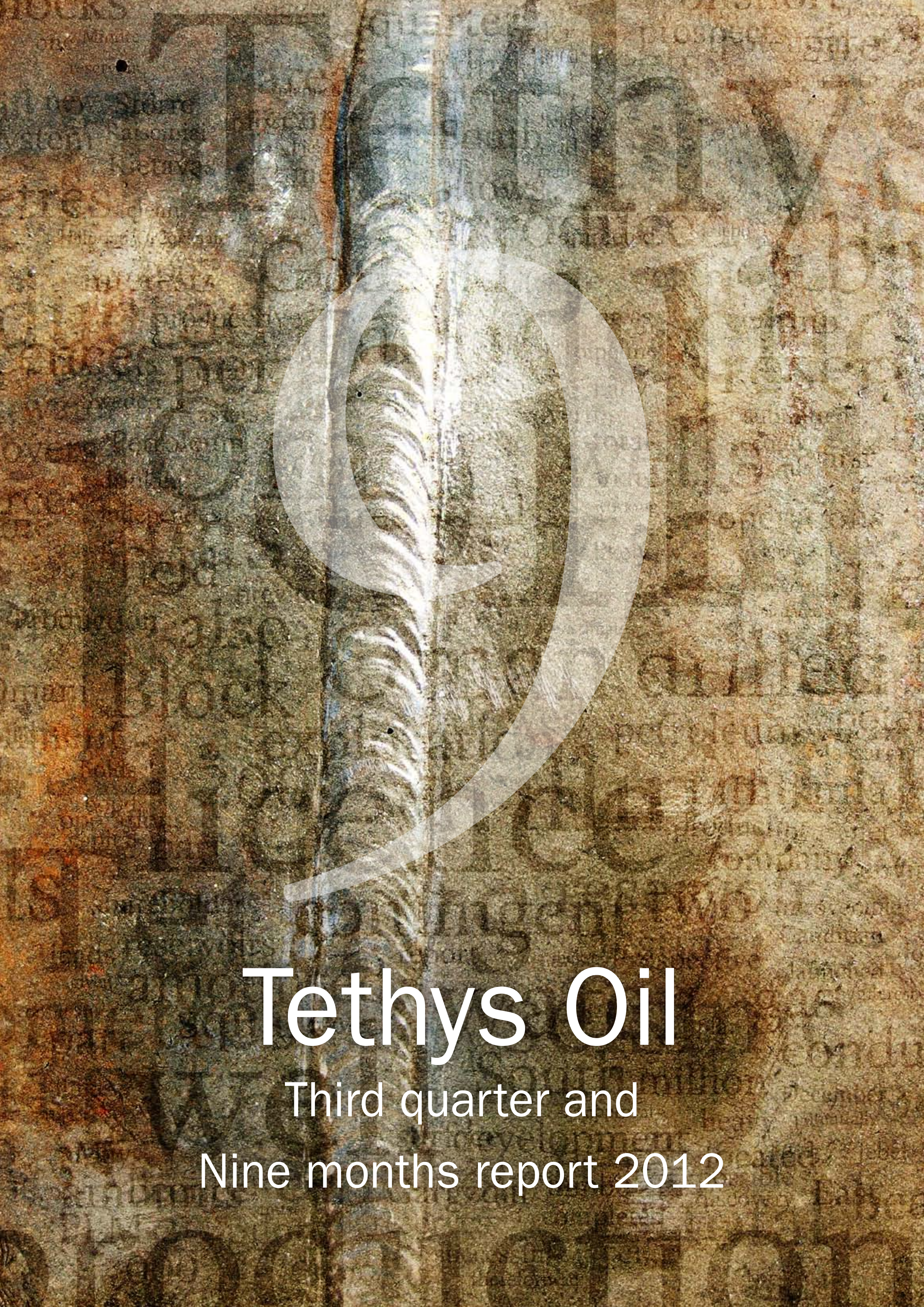


Tethys Oil

Third quarter and Nine months report 2012

THIRD QUARTER 2012

- 8 wells drilled on Blocks 3 and 4 in Oman
- Successful exploration well on Block 4 Oman – initial flow rate of 2,400 barrels per day
- Record gross production from Oman of 358,968 barrels corresponding to 3,902 barrels per day
- A secured three-year bond loan of MSEK 400 issued
- Net sales of MSEK 116
- Net result MSEK 46
- Earnings per share of SEK 1.35

NINE MONTHS 2012

- Export pipeline works completed on Block 3 and 4 Oman – launched in June
- 41 per cent increase in 2C contingent resources to 13.8 million barrels
- Record gross production from Oman of 945,530 barrels corresponding to 3,451 barrels per day
- MSEK 120 raised in private placement of 3 million shares in May 2012
- Net sales of MSEK 414
- Net result MSEK 169 – significantly impacted by write downs
- Write downs MSEK 113
- Earnings per share of SEK 4.97

SUBSEQUENT EVENTS

- October total field production from Blocks 3 and 4 onshore Oman averaged 13,814 barrels per day
- In October, a Tethys affiliate participated in farming out a Lithuanian license to Chevron

MSEK (unless specifically stated)	1 Jan 2012– 30 Sep 2012 9 months	1 Jul 2012– 30 Sep 2012 3 months	1 Jan 2011– 30 Sep 2011 9 months	1 Jul 2011– 30 Sep 2011 3 months	1 Jan 2011– 31 Dec 2011 12 months
Production, before government take (bbl)	945,530	358,968	225,554	142,305	423,469
Net sales, after government take (bbl)	549,720	169,303	77,654	56,751	147,228
Average selling price per barrel, USD	109.99	101.09	106.73	111.79	107.37
Net sales of oil and gas	414	116	54	41	104
Operating result	167	62	39	36	83
EBITDA	316	78	39	36	84
Result for the period	169	46	25	39	69
Earnings per share, SEK	4.97	1.35	0.76	1.19	2.12
Cash and cash equivalents	323	323	60	60	93
Shareholders' equity	715	715	405	405	456
Long term debt	403	403	–	–	–
Investments	589	147	172	151	208

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 First North (TETY) in Stockholm. Remium AB is Certified Adviser.

Dear Friends and Investors

Tethys continues its growth oriented path forward. The production from Block 3 and 4 onshore Oman increased with almost 20 per cent on a quarterly basis and with more than 150 per cent on an annual basis. Net sales and EBITDA for the nine month period are on record levels. We are delighted that our geological success is now also evident from our numbers.

The financial markets have also supported our growth plans. In late August Tethys issued a secured three-year bond loan of MSEK 400, to support our Omani operations and allow expansion in other areas. The successful bond issue has strengthened our financial position and increased our flexibility going forward.

Operationally, our European leg took a major step forward through the farmout of the Rietavas license onshore Lithuania to Chevron Corporation. Tethys' indirect interests in the license will with the farmout decrease from 20 per cent to 14 per cent. The consideration consists of a cash component, and more significantly of a fully funded comprehensive work programme, designed to fully evaluate the shale gas/oil potential of the license area. It includes 2D and 3D seismic surveys as well as the drilling of multiple wells.

Chevron also has an option to acquire additional interest, which if exercised would reduce Tethys' indirect interest in the Rietavas license further down to 5.6 per cent. The price is predetermined and reflects the potential as well as the risks of the project today. In the event the exploration programme will yield interesting results and the option is exercised, Tethys will at that time have an interest in a very substantial project. And do not forget that we maintain our interest in the adjacent and producing Gargzdai license where we expect core results shortly and our interest in the Raiseiniai license.

The development in our core area in Oman continues. By end of the third quarter, the permanent production facilities on the Saiwan East field were completed and commissioned. Work continues on the Farha South field, where installation and fine tuning of facilities have spilled over into the fourth quarter. The field development plan continues to be finalized, with discussions ongoing between operator and government, in particular relating to incorporating new data as the plans for the fields expands.

Tethys grows and develops, and we are now making organizational changes accordingly. Vincent Hamilton will concentrate on his duties as chairman of the board, and has resigned as Chief Operating Officer. We will also strengthen our technical team in Oman.

So stay with us…

Stockholm in November 2012

Magnus Nordin	Vince Hamilton
Managing Director	*Chairman of the Board*

Finanancial and operational review[1]

Tethys has production from two areas, Blocks 3 and 4 onshore Oman and the Gargzdai licence onshore Lithuania. Contingent resources are attributable to Blocks 3 and 4 while Tethys has indirect reserves in Gargzdai. The bulk of investments occur on Blocks 3 and 4 in Oman.

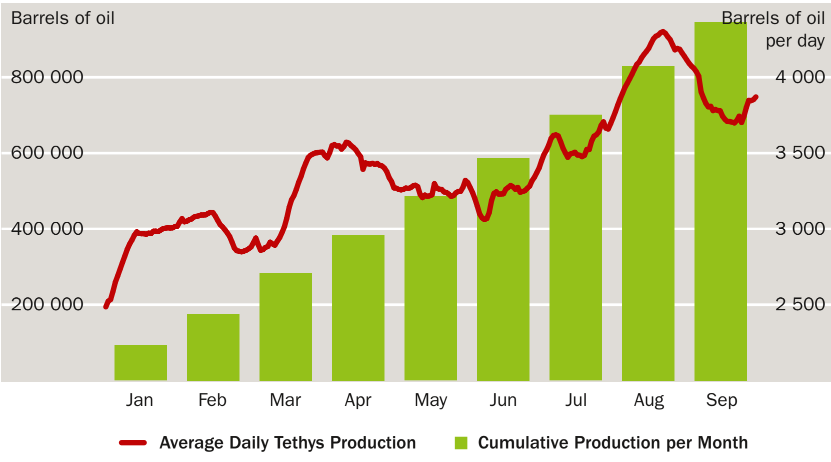
Production

Production from the Farha South and Saiwan East oil fields on Blocks 3 and 4 onshore Oman has continued during the period utilising the Early Production System ("EPS") and the Permanent Production System ("PPS"), where the latter has been gradually commissioned during the year with on-going fine tuning. Production rates have varied, driven mainly by the test programme, transport and facility capacity of the Early Production System as well as work to finalise and integrate the production facility and export pipeline.

Quarterly volumes, before government take	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Total quarterly production, (bbl)					
Production	1,196,560	1,006,937	948,270	659,720	474,349
Average daily production	13,006	11,065	10,421	7,171	5,156
Tethys' share of quarterly production, (bbl)					
Production	358,968	302,081	284,481	197,916	142,304
Average daily production	3,902	3,320	3,126	2,151	1,547

Tethys Oil's share of total production increased during the third quarter 2012 amounting to 114,313 barrels in July, 128,660 in August and 115,995 in September. Production has been limited by infrastructural work.

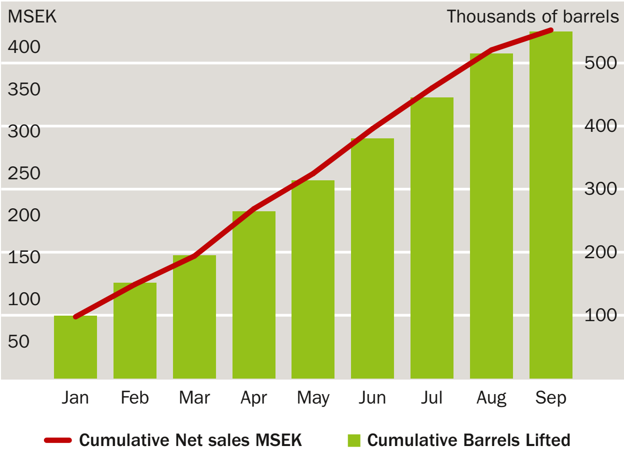
Average daily and cumulative monthly production net to Tethys Oil from Blocks 3 and 4 onshore Oman during 2012



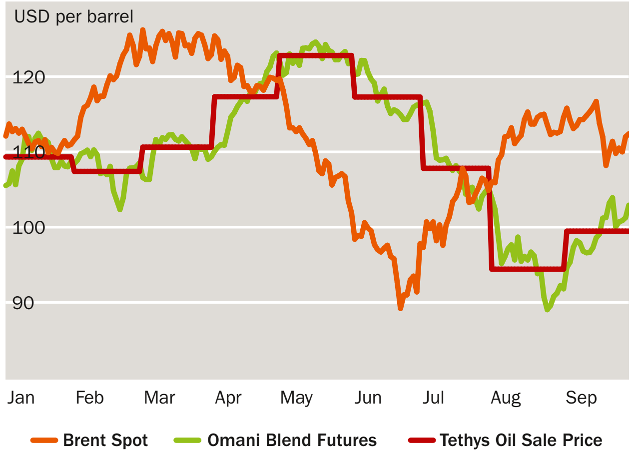
Production on the Gargzdai license in western Lithuania during the third quarter 2012 amounted to 50,950 barrels of oil, corresponding to 554 barrels of oil per day (bopd). The production share attributable to Tethys Oil amounts to 25 per cent of the total, or 12,738 barrels corresponding to 138 bopd. The average oil price achieved during the quarter was USD 107.14 per barrel. Tethys interest in the Gargzdai licence is held through an arrangement with Odin Energi AS. Through this arrangement Tethys Oil currently holds a receivable on Odin regarding the interest in Gargzdai licence, which is to be converted to shares. The process of converting Tethys Oil's receivable to shares is ongoing and is expected to be completed no later than year end 2012.

[1] *The consolidated financial statements of the Tethys Oil Group (Hereafter referred to as "Tethys Oil" "Tethys" or the "Group"), where Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the first nine months 2012 ended 30 September 2012. 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.*

Tethys Oil's net sales and barrels lifted 2012



Price per barrel of oil 2012



Source: Platts, Dubai Merchantile Exchange

Net sales

During the first nine months 2012, Tethys Oil sold 549,720 (77,654 for same period last year) barrels of oil after government take from the Early Production System on Block 3 and 4 in Oman and 169,303 (56,751) barrels of oil during the third quarter. This resulted in net sales during the first nine months 2012 of MSEK 414 (MSEK 54) and MSEK 116 (MSEK 41) during the third quarter. The average selling price per barrel amounted to USD 109.99 per barrel during the first nine months 2012 (USD 106.73 per barrel) and USD 101.09 per barrel (USD 111.79) for the third quarter.

The average selling price per barrel is lower during the third quarter 2012 compared to the second and first quarter 2012 (see graph above). There is furthermore a decrease in barrels sold during the third quarter compared to second and first quarter 2012. The decrease in barrels sold during the same period as underlying production has increased have impacted the underlift position as per 30 September 2012 amounting to 17,751 barrels, which is significantly higher compared to underlift positions as per 30 June 2012 (391 barrels). Decrease in barrels sold and decrease in oil price explains the decrease in net sales during the third quarter.

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). The Omani blend and hence Tethys Oil's achieved oil price is therefore typically priced with a two month lag to spot prices. During the nine month period, prices have been trading between high levels of USD 125 per barrel and low levels of USD 90 per barrel.

Result

Tethys Oil reports a net result for the first nine months 2012 of MSEK 169 (MSEK 25) and MSEK 46 (MSEK 39) for the third quarter, representing earnings per share of SEK 4.97 (SEK 0.76) for the first nine months 2012 and SEK 1.35 (SEK 1.19) for the third quarter. On a quarterly basis, the result has been negatively impacted by lower oil prices and an increased underlift position. Compared with last year the financial development fundamentally reflects the underlying growth in production and sales. The result for the first nine months has significantly been impacted by:

- second quarter 2012 write downs of oil and gas properties of MSEK 113 regarding JAS-2 related expenditures on Block 15 in Oman and mainly unconventional hydrocarbon projects in France
- an additional lifting, originally scheduled for December 2011 (which regarded production from December 2011) but conducted in early January 2012, giving the first nine months 2012 a one-off additional sales amounting to MSEK 38

The write downs of oil and gas properties relating to Block 15 in Oman, amounting to MSEK 99, are made as a consequence of the production test of JAS-2 conducted in the first quarter 2012 and evaluations following the results of the test. The evaluation concludes that the JAS-2 well most likely cannot be put in production and therefore Tethys Oil has elected to write off all costs related to this well. Expenditures related to the well JAS-1 remains capitalised pending a long term production test expected to commence later 2012. Production tests previously made indicate that JAS-1 can be economically developed. Write downs of oil and gas properties related to unconventional hydrocarbon projects in France, amounting to MSEK 13, are made as uncertainty remains as to when Tethys Oil's unconventional hydrocarbon projects in France can be undertaken and conducted.

In May 2012, Tethys Oil received MSEK 17 as return from the Lithuanian investment. The return on investments was received as dividend from the Lithuanian company Minijos Nafta for the 2011 financial year.

The result for the first nine months 2012 has been impacted by net foreign exchange losses. The currency exchange effect of the group amounts to MSEK -11 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. The currency exchange effect is part of net financial result amounting to MSEK 2 for the first nine months 2012 and MSEK -16 for the third quarter.

Cash flow from operations before changes in working capital during the first nine months 2012 amounted to MSEK 300 (MSEK 39) and MSEK 45 (MSEK 36) for the third quarter.

Depletion of oil and gas properties for the first nine months 2012 amounted to MSEK 35 (–) and MSEK 16 (–) for the third quarter. The company considers the conditions for applying depletion under the accounting principles to have been met as of 1 January 2012.

Summary of oil and gas interests

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

Country	Licence name	Tethys Oil, %	Total area, km²	Partners (operator in bold)	Book value 30 Sep 2012	Book value 31 Dec 2011	Investments Jan–Sep 2012
Oman	Block 15	40%	1,389	**Odin Energy,** Tethys Oil	23	114	7
Oman	Block 3, 4	30%	33,125	**CCED,** Mitsui, Tethys Oil	615	74	586
France	Attila	40%	1,986	**Galli Coz,** Tethys Oil	–	10	–
France	Alès	37.5%	215	**Tethys Oil,** MouvOil	4	6	2
Sweden	Gotland Större (incl Gotland Mindre)	100%	581	**Tethys Oil**	2	2	0
Lithuania	Rietavas, Raiseiniai[2]	20%	3,129	**Odin Energi,** Tethys Oil, private investors	–	–	–
New ventures					1	1	1
Total			**40,425**		**645**	**207**	**595**

[2] The interest in Rietavas and Raiseiniai licenses are indirectly held through a 40 per cent shareholding in Jylland Olie ApS which in turn holds 50 per cent of the shares in UAB LL Investicos which holds 100 per cent of the two licenses. As Jylland Olie ApS is not consolidated in Tethys Oils financial statements due to the ownership structure, there are no oil and gas properties related to the two licenses. The ownership of Jylland Olie ApS is presented in the balance sheet under Shares in associated companies.

The interest in the Gargzdai license was as of 30 September 2012 not converted from receivable to shareholding. The investment is presented in the balance sheet under Other long term receivables

Operating expenses (OPEX) amounted during the first nine months 2012 to MSEK 80 (–) and MSEK 31 (–) for the third quarter. Operating expenses are directly related to oil and gas production on Block 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. Due to an underlift position as per 30 September 2011 amounting to 17,751 barrels, the Operating expenses during the first nine months 2012 have been reduced by MSEK 2. The company considers the conditions for presenting Operating expenses under the accounting principles to have been met as of 1 January 2012. Operating expenditures are higher per barrel in comparison with previous quarters. The increase is a consequence of the transition period between the Early production system and the Permanent production system, as dual costs during this transition period are inevitable.

Administrative expenses amounted to MSEK 19 (MSEK 15) for the first nine months 2012 and MSEK 7 (MSEK 5) for the third quarter. Depreciation amounted to MSEK 0.6 (MSEK 0.4) for the first nine months period and MSEK 0.2 (MSEK 0.2) for the third quarter. Administrative expenses are mainly salaries, rents, listing costs and outside services. Depreciation is referable to office equipment. The administrative expenditures during the first nine months 2012 are higher compared with same period last year due to increased activity. Part of the administrative expenses are capitalised in the subsidiaries and if Tethys is the operator these expenses are funded by partners. In the consolidated income statement these internal transactions are eliminated.

Summary of oil and gas interests

Oil and gas properties as at 30 September 2012 amounted to MSEK 645 (MSEK 207). Investments in oil and gas properties of MSEK 595 (MSEK 32) were incurred for the nine month period ending 30 September 2012 and MSEK 151 (MSEK 12) for the third quarter.

Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK -9 during the first nine months 2012, which are not cash related items and therefore not included in investments. For more information please see above under *Result*.

Reserves and resources

Tethys Oil has contingent resources on Blocks 3 and 4 onshore Oman. The contingent resources are only contingent on the finalization and the final approval of a field development plan ("FDP"). Tethys Oil's contingent resources have been audited by independent petroleum consultant DeGolyer and MacNaughton ("D&M") as per 31 December 2011. D&M has made an updated audit of the resources as per 30 June 2012.

Tethys Oil's net working interest resources oil base (C) in the Sultanate of Oman as per 30 June 2012 amounts to 3.4 million barrels of oil ("mmbo") of 1C contingent resources, 13.8 mmbo of 2C and 17.3 mmbo of 3C.

*Contingent Resources**
Blocks 3 and 4, Oman

Mmbo	1C	2C	3C
As per 31 Dec, 2011	2.6	9.8	12.4
Production 1 Jan – 30 Jun 2012	-0.6	-0.6	-0.6
Revisions	+1.4	+4.6	+5.5
As per 30 Jun, 2012	**3.4**	**13.8**	**17.3**
Increase	31%	41%	40%

Tethys Oil's share of reserves in the Gargzdai license in Lithuania, according to the agreement with Odin Energi A/S ("Odin"), amounts as per 31 December 2011 to 0.7 mmbo of 1P reserves, 1.7 mmbo of 2P and 3.0 mmbo of 3P. The reserves are calculated on the basis of the reserves from the independent petroleum consultant Miller Lents review as per 1 January 2011, reduced with the operator´s numbers of aggregated production for 2011.

Review of operations

Oman

Blocks 3 and 4

During the first nine months 2012, investments amounting to MSEK 586 were made in Blocks 3 and 4.

Of the total investment amount, MSEK 331 consists of new investments in the blocks and the remaining MSEK 255 (MUSD 39) emanate from that part of investments previously made by Mitsui on Tethys Oil's behalf under the Carry agreement (see below) and was recovered by Mitsui during the nine month period from Tethys Oil's share of cost recovery oil entitlement.

Tethys Oil's share of the Block 3 and 4 joint venture 2012 budget originally amounted to MSEK 430. The budget could potentially be revised primarily due to additional seismic acquisitions and production facilities, and could increase Tethys Oil's share of the budget up to MSEK 550 (an increase of MSEK 120), including both OPEX and CAPEX. To date MSEK 411 has been spent of Tethys Oil's share of the budget, of which MSEK 331 is attributable to CAPEX and MSEK 80 is attributable to OPEX.

Of the CAPEX investments of MSEK 331 made by Tethys Oil during the first nine months, around two thirds has been spent on production facilities and infrastructure and around one third of the remaining CAPEX has been spent on production/water injection wells. Most of the production facilities and infrastructure have been completed during the third quarter and will mainly reduce operating expenditures starting from the fourth quarter 2012. During the remainder of 2012, Tethys Oil expects an increased focus on exploration on Blocks 3 and 4, as production facilities and infrastructure are being completed.

A total of eight wells were completed on the Blocks during the third quarter 2012. Six of these were drilled on the Farha South oil field on Block 3 and two were drilled on Block 4.

At the Farha South oil field on Block 3, two wells were drilled into the reservoir of a previously undrilled fault block. One of the wells encountered oil in the Barik formation and has been connected to the production facilities. The other well encountered oil in the Lower Al Bashir formation. Three production wells were drilled and completed in previously drilled blocks to increase production and one water injection well was drilled and completed. As at 30 September 2012, a total of 15 fault blocks are in production on the Farha South Field.

At Block 4, the exploration well B4EW3 was drilled approximately 6 km east of the Saiwan East oil field, resulting in the discovery of a new oil field. A close to 400 metre long horizontal section was then drilled in the Khufai, which produced at a rate of 2,400 barrels per day. B4EW3 has been connected to the production facilities at the Saiwan East oilfield to undergo a long term production test. The vertical section of a development well, with a planned horizontal section horizontal, was also drilled close to the producing wells SE-2,3 and 8 at the Saiwan East oil field. The well encountered oil.

The September production has been impacted by the installation work relating to the permanent production facilities on both Saiwan and Farha. By end of the third quarter, the permanent production facilities on the Saiwan East field were completed and commissioned. Work continues on Farha South field, where installation and commissioning of facilities continues during the fourth quarter.

Block 15

The main focus on Block 15 is to put the JAS-1 well in an extended production test. JAS-1 flowed gas and condensate when tested in 2007. An extension of the previous 3D seismic survey on the license is also planned. Tender processes for both projects are ongoing.

Lithuania

In January 2012, Tethys announced the acquisition of assets in Lithuania. According to the agreement, Tethys interests in Lithuania shall be held together with Odin through Odin group companies giving Tethys a net indirect interest of 25 per cent in UAB Minijos Nafta ("MN") and 20 per cent in UAB LL Investicos ("LLI"). MN holds the Gargzdai license and LLI holds the Rietavas and Raiseiniai licenses. Tethys has received newly issued shares in Odin group companies for the holding of LLI. Transfer of shares in Odin group companies for Tethys holding in MN requires a reconstruction of the Odin group. This reconstruction is ongoing in line with the agreement, and is progressing according to plan.

Gargzdai license

The Skomantai-1 exploration well on the Gargzdai licence was spudded in May and the work programme was completed in early August. The objectives of the well were to explore a previously undrilled oil prospect in the Cambrian sandstone and to evaluate the thick shale section for unconventional hydrocarbon potential. Oil was present in the Cambrian prospect, but porosity was found to be insufficient to produce commercial quantities of oil. An extensive data gathering was carried out on the shale section. Electric logs were recorded and seven cores with a total combined length of 63 metres were taken. The well has been suspended to allow for future work on the shale section.

Two sidetracks in existing wells have also been drilled. The results are being evaluated.

Rietavas and Raiseiniai licenses

In October 2012, Tethys Oil's affiliate Jylland Olie Aps, part of the Danish Odin Group participated in a farmout to Chevron Corporation relating to the Rietavas license. Following the transaction, Tethys Oil's indirect interest in the license will be reduced from 20 per cent to 14 per cent in exchange for a cash consideration and a comprehensive work programme. Chevron has further obtained an option to acquire additional interest in the Rietavas license at a predetermined price, to be exercised within three years. Should the option be exercised, Tethys Oil's indirect interest in the Rietavas license will be reduced to 5.6 per cent.

The work programme, to be fully funded by Chevron, is primarily designed to evaluate the license for shale gas/oil potential and includes 2D and 3D seismic surveys as well as the drilling of multiple wells. Although shale exploration is the main objective of the work programme, the conventional oil potential of the license will also be appraised.

France

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

Sweden

Gotland

A soil sampling survey was performed on some known reefal prospects that have been identified on existing seismic lines within our license area. The results of the survey were encouraging. Tethys is investigating the possibility to conduct exploratory drilling operations on 10 potential locations. Tethys has contracted an external consultant to survey and produce an Environmental Impact Assessment for the 10 potential locations.

Liquidity and financing

Cash and bank as at 30 September 2012 amounted to MSEK 323 (MSEK 93).

The increase in liquidity is largely due to external financing. During the nine month period ended 30 September 2012 Tethys Oil has finalised both a share issue and a bond issue.

- The share issue was conducted as a two private placements in May and June 2012 and regarded 3,000,000 shares in total. The private placements were made at SEK 40 per shares, which corresponded to approximately 7 per cent discount to the volume weighted average share price the last trading day before the private placements. Proceeds from the share issue amounted to MSEK 120 before issue costs
- The bond issue, raising MSEK 400 before issue costs, was conducted in September 2012 and is a three year senior secured loan 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 (ISIN number SE0004808129)

The external financing is mainly driven by the development program of Block 3 and 4 in Oman. In parallel to an Early Production System, which commenced in 2010, Tethys Oil and partners have invested in further appraisal and development of Block 3 and 4. The development programme, by which the Early Production System is replaced by a Permanent Production System, has included the drilling of production wells as well as building and commissioning infrastructure and facilities.

Tethys Oil's total investments during the first nine months 2012 amounted to MSEK 589, where Block 3 and 4 accounted for almost 99 per cent.

Before 2012, Tethys Oil's share of above investments was paid under the Mitsui carry agreement and did not affect Tethys Oil's cash position. The agreement with Mitsui was made in 2010, whereby Mitsui acquired 20 percentage points in Blocks 3 and 4 onshore Oman. Apart from a cash consideration, 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 additional investments relating to Tethys Oil's share in Blocks 3 and 4 must be paid by Tethys Oil directly.

Also pursuant to the carry agreement, Mitsui has during the first quarter 2012 started to recover from the proceeds of Tethys Oil's share of cost recovery oil entitlement the MUSD 60 paid on behalf of Tethys Oil. Under the carry agreement, Tethys Oil will allocate its entire share of cost recovery entitlement to Mitsui until the full MUSD 60 has been recovered by Mitsui. The allocated cost recovery to Mitsui will be treated as investments in oil and gas properties, thereby creating a result effect over a longer period of time through depletion. During the first nine months 2012, the amount received by Mitsui from Tethys Oil's cost recovery entitlement amounted to MUSD 39. The remaining cost recovery entitlement to be allocated to Mitsui (MUSD 21 as at 30 September 2012) is presented as a contingent liability.

The high level of investments on Block 3 and 4 is likely to continue, with an increased focus on exploration. Investments are expected to be fully financed by cash flow from operations once Mitsui has received its share of cost recovery, which is expected early 2013.

Further under the carry agreement, Mitsui will pay to Tethys Oil a bonus amounting to MUSD 10 when commercial production has commenced and exceeds 10,000 bopd for 30 consecutive days. Given that 10,000 bopd has already been achieved during test production, there is reason to believe that the rate also can be met once full commercial production has commenced. With the completion of the Permanent Production Facility on Block 3 and 4 Tethys Oil is optimistic that the bonus payment could become due towards the end of 2012 or early 2013.

A large part of the liquidity is kept in USD which has depreciated against SEK during the reporting period. The currency exchange effect on cash and cash equivalents amounted during the first nine months 2012 to MSEK -3.

Financial assets

Tethys Oil and private Danish oil company Odin Energi entered into an Investment Agreement regarding assets in Lithuania. According to the agreement, Tethys Oil's interests in Lithuania shall be held together with Odin Energi through Odin group companies giving Tethys Oil a net indirect interest of 25 per cent in UAB Minijos Nafta ("MN") and 20 per cent in UAB LL Investicos ("LLI"). Tethys Oil has received newly issued shares in Odin group companies for the holding of LLI, which is presented as Investment in associate in the balance sheet amounting to MSEK 24. Regarding the holding in Minijos Nafta as per 30 September 2012, Tethys Oil currently holds a receivable on Odin which is to be transferred into shares in Odin group companies. The receivable (presented as *Other long term receivables* in the balance sheet) amounts to MEUR 15.2, equivalent of MSEK 130. The loan is secured by a pledge of 30 per cent of the share capital of Odin.

Parent company

The Parent company reports a net result for the first nine months 2012 amounting to MSEK -145 (MSEK -14) and MSEK -17 (MSEK 2) for the third quarter. The result for the nine months period and the third quarter has been significantly impacted by write down of shares in subsidiaries. The write downs amounted to MSEK 144 and are a consequence of the write downs of oil and gas properties made in the group during the reporting period. Administrative expenses amounted to MSEK 8 (MSEK 8) for the first nine months 2012 and MSEK 3 (MSEK 3) for the third quarter. Net financial result amounted to MSEK -138 (MSEK -8) during the first nine months 2012 and MSEK -15 (MSEK 4) for the third quarter. Write down of shares in subsidiaries are part of net financial result. The weaker US dollar has had a negative impact on net financial result during the nine month period 2012. The exchange rate losses regard translation differences and are non cash related. Investments during the first nine months 2012 amounted to MSEK 227 (MSEK 45). 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 and organisation

At the Annual General Meeting of shareholders on 16 May 2012 Håkan Ehrenblad, Vincent Hamilton, John Hoey, Magnus Nordin and Jan Risberg were reelected 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.

Tethys grows and develops, and is making organizational changes accordingly. Vincent Hamilton will concentrate on his duties as chairman of the board, and has resigned as Chief Operating Officer. The technical team in Oman will be strengthened, and Fredrik Robelius will assume the position of Technical manager.

Share data

As per 30 September 2012, the number of outstanding shares in Tethys Oil amount to 35,543,750 (32,543,750), 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.

As described in the section Liquidity and financing, Tethys Oil conducted in May 2012 two private placements of 3,000,000 shares in total. The shares from the private placements were registered in May and June 2012.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 16.

Subsequent events

As described in section Operations – Lithuania, Tethys Oil's affiliate Jylland Olie Aps, part of the Danish Odin Group, participated in October 2012 in a farmout to Chevron Corporation relating to the Rietavas license.

Consolidated statement of comprehensive income

TSEK	1 Jan 2012–30 Sep 2012 9 months	1 Jul 2012–30 Sep 2012 3 months	1 Jan 2011–30 Sep 2011 9 months	1 Jul 2011–30 Sep 2011 3 months	1 Jan 2011–31 Dec 2011 12 months
Net sales of oil and gas	414,217	115,738	53,700	41,139	103,538
Depreciation of oil and gas properties	-35,166	-15,518	–	–	–
Write off of oil and gas properties	-112,756	392	–	–	–
Other income	56	56	-188	–	13
Operating expenses	-79,607	-31,214	–	–	–
Other losses/gains, net	-33	17	-3	-9	-52
Administrative expenses	-19,229	-7,366	-14,845	-4,926	-20,443
Operating result	**167,483**	**62,106**	**38,664**	**36,204**	**83,057**
Financial income and similar items	8,172	1,757	5,765	3,158	2,339
Financial expenses and similar items	-22,823	-17,874	-19,728	-703	-16,281
Return on investments	16,618	–	–	–	–
Net financial result	**1,967**	**-16,117**	**-13,963**	**2,455**	**-13,943**
Result before tax	**169,450**	**45,989**	**24,700**	**38,659**	**69,114**
Income tax	-93	-26	-85	-32	-123
Result for the period	**169,358**	**45,963**	**24,615**	**38,627**	**68,991**
Other comprehensive result					
Currency translation differences	-23,770	-29,052	-1,323	6,618	4,785
Other comprehensive result for the period	**-23,770**	**-29,052**	**-1,323**	**6,618**	**4,785**
Total comprehensive result for the period	**145,588**	**16,910**	**23,293**	**45,245**	**73,776**
Number of shares outstanding	35,543,750	35,543,750	32,543,750	32,543,750	32,543,750
Number of shares outstanding (after dilution)	35,543,750	35,543,750	32,543,750	32,543,750	32,543,750
Weighted number of shares	34,102,144	34,102,144	32,520,596	32,543,750	32,520,596
Earnings per share, SEK	4.97	1.35	0.76	1.19	2.12
Earnings per share (after dilution), SEK	4.97	1.35	0.76	1.19	2.12

Consolidated balance sheet

TSEK	30S Sep 2012	31 Dec 2011
ASSETS		
Fixed assets		
Oil and gas properties	644,534	206,651
Office equipment	2,064	2,298
Total fixed assets	**646,598**	**208,949**
Financial assets		
Investment in associate	23,951	23,951
Other long term receivables	130,247	136,278
Total financial fixed assets	**154,198**	**160,229**
Current assets		
Other receivables	6,877	1,971
Prepaid expenses	15,121	608
Cash and bank	322,530	93,105
Total current assets	**344,528**	**95,684**
TOTAL ASSETS	**1,145,324**	**464,862**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	5,924	5,424
Additional paid in capital	552,148	438,329
Other reserves	-26,725	-2,955
Retained earnings	184,118	14,761
Total shareholders' equity	**715,466**	**455,559**
Non current liabilities		
Long term liability	400,000	–
Other non current liabilities	2,754	1,705
Total non current liabilities	**402,754**	**1,705**
Non interest bearing current liabilities		
Accounts payable	1,017	2,226
Other current liabilities	22,307	4,114
Accrued expenses	3,780	1,258
Total non interest bearing current liabilities	**27,104**	**7,598**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,145,324**	**464,862**
Pledged assets	500	500
Contingent liabilities	139,338	–

Consolidated statement of changes in equity

TSEK	Share Capital	Paid in Capital	Other reserves	Retained Earnings	Total Equity
Opening balance 1 January 2011	**5,417**	**436,608**	**-7,739**	**-54,231**	**380,055**
Comprehensive income					
Result for the first quarter 2011	–	–	–	-14,735	**-14,735**
Result for the second quarter 2011	–	–	–	724	**724**
Result for the third quarter 2011	–	–	–	38,627	**38,627**
Result for the fourth quarter 2011	–	–	–	44,376	**44,376**
Period result	**–**	**–**	**–**	**68,991**	**68,991**
Other Comprehensive income					
Currency translation differences first quarter 2011	–	–	-9,113	–	**-9,113**
Currency translation differences second quarter 2011	–	–	1,173	–	**1,173**
Currency translation differences third quarter 2011	–	–	6,618	–	**6,618**
Currency translation differences fourth quarter 2011	–	–	6,108		**6,108**
Total other comprehensive income	**–**	**–**	**4,785**	**–**	**4,785**
Total comprehensive income	**–**	**–**	**4,785**	**68,991**	**73,776**
Transactions with owners					
Share issue in kind 2011	7	1,721	–	–	**1,728**
Total transactions with owners	**7**	**1,721**	**–**	**–**	**1,728**
Closing balance 31 December 2011	**5,424**	**438,329**	**-2,955**	**14,761**	**455,559**
Opening balance 1 January 2012	**5,424**	**438,329**	**-2,955**	**14,761**	**455,559**
Comprehensive income					
Result for the first quarter 2012	–	–	–	108,190	**108,190**
Result for the second quarter 2012	–	–	–	15,205	**15,205**
Result for the third quarter 2012				45,963	**45,963**
Period result	**–**	**–**	**–**	**169,358**	**169,358**
Other Comprehensive income					
Currency translation differences first quarter 2012	–	–	-4,451	–	**-4,451**
Currency translation differences second quarter 2012	–	–	9,734	–	**9,734**
Currency translation differences third quarter 2012			-29,052	–	**-29,052**
Total other comprehensive income	**–**	**–**	**-23,770**	**–**	**-23,770**
Total comprehensive income	**–**	**–**	**-23,770**	**169,358**	**145,588**
Transactions with owners					
Share issue 2012	500	119,500	–		**120,000**
Issue costs	–	-5,681	–	–	**-5,681**
Total transactions with owners	**500**	**113,819**	**–**		**114,319**
Closing balance 30 Sep 2012	**5,924**	**552,148**	**-26,725**	**184,118**	**715,466**

Consolidated cash flow statement

TSEK	1 Jan 2012– 30 Sep 2012 9 months	1 Jul 2012– 30 Sep 2012 3 months	1 Jan 2011– 30 Sep 2011 9 months	1 Jul 2011– 30 Sep 2011 3 months	1 Jan 2011– 31 Dec 2011 12 months
Cash flow from operations					
Operating result	167,483	62,106	38,664	36,204	83,057
Interest received	135	135	12	–	62
Interest paid	–	–	–	–	–
Income tax	-93	-26	-85	-32	-123
Adjustment for write down of oil and gas properties	112,756	-392	–	–	–
Adjustment for depletion, depreciation and other non cash related items	19,988	-16,442	207	-37	8,281
Total cash flow from operations before change in working capital	**300,269**	**45,380**	**38,798**	**36,136**	**91,277**
Decrease/increase in receivables	-19,419	-463	5,349	-11,466	18,743
Decrease/increase in liabilities	16,339	-6,664	-983	-285	3,584
Cash flow from operations	**297,189**	**38,254**	**43,163**	**24,384**	**113,604**
Investment activity					
Investment in oil and gas properties	-339,617	-75,723	-32,198	-11,601	-44,375
Oil and gas properties from cost oil repayment	-255,246	-75,145	–	–	–
Investment in associate	–	–	–	–	-23,951
Investment in long term liabilities	–	–	-139,175	-139,175	-139,175
Investment in other fixed assets	-359	-283	-691	-3	-891
Cash flow from investment activity	**-595,222**	**-151,151**	**-172,065**	**-150,779**	**-208,392**
Financing activity					
Share issue, before issue costs	114,319	-5,681	1,691	-36	1,727
Bond issue, before issue costs	399,746	399,746	–	–	–
Return on investment	16,618	–	–	–	–
Cash flow from financing activity	**530,683**	**394,065**	**1,691**	**-36**	**1,727**
Period cash flow	**232,650**	**281,168**	**-127,210**	**-126,431**	**-93,061**
Cash and cash equivalents at the beginning of the period	93,105	43,688	190,512	178,353	190,512
Exchange gains/losses on cash and cash equivalents	-3,225	-2,327	-2,970	8,410	-4,344
Cash and cash equivalents at the end of the period	322,530	322,530	60,332	60,332	93,105

Parent company income statement condensed

TSEK	1 Jan 2012– 30 Sep 2012 9 months	1 Jul 2012– 30 Sep 2012 3 months	1 Jan 2011– 30 Sep 2011 9 months	1 Jul 2011– 30 Sep 2011 3 months	1 Jan 2011– 31 Dec 2011 12 months
Net sales of oil and gas	–	–	–	–	–
Depreciation of oil and gas properties	–	–	–	–	–
Write off of oil and gas properties	–	–	–	–	–
Other income	1,467	485	2,379	753	3,236
Other losses/gains, net	-33	17	-3	-9	-52
Administrative expenses	-8,400	-3,026	-8,268	-2,856	-10,502
Operating result	**-6,965**	**-2,523**	**-5,892**	**-2,112**	**-7,318**
Financial income and similar items	12,043	3,004	11,888	4,764	9,148
Financial expenses and similar items	-22,466	-17,654	-19,718	-699	-16,270
Return on investment	16,618	–	–	–	–
Write down of shares in group companies	-143,880	–	–	–	-229
Net financial result	**-137,685**	**-14,650**	**-7,830**	**4,065**	**-7,351**
Result before tax	**-144,650**	**-17,173**	**-13,723**	**1,953**	**-14,669**
Income tax	–	–	–	–	–
Result for the period	**-144,650**	**-17,173**	**-13,723**	**1,953**	**-14,669**
Number of shares outstanding	35,543,750	35,543,750	32,543,750	32,543,750	32,543,750
Number of shares outstanding (after dilution)	35,543,750	35,543,750	32,543,750	32,543,750	32,543,750
Weighted number of shares	34,102,144	34,102,144	32,520,596	32,520,596	32,520,596

Parent company balance sheet condensed

TSEK	**30 Sep 2012**	**31 Dec 2011**
ASSETS		
Total fixed assets	120	169
Total financial fixed assets	234,529	297,107
Total current assets	439,955	5,380
TOTAL ASSETS	**674,605**	**302,657**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	219,629	249,960
Total non interest bearing current liabilities	54,976	52,697
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**674,605**	**302,657**
Pledged assets	500	500
Contingent liabilities	–	–

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 1 January 2011	**5,417**	**71,071**	**365,537**	**-147,221**	**-31,903**	**262,901**
Transfer of prior year net result	–	–	–	-31,903	31,903	**–**
Comprehensive income						
Loss for the first quarter 2011	–	–	–	–	-18,565	**-18,565**
Profit for the second quarter 2011	–	–	–	–	2,889	**2,889**
Profit for the third quarter 2011	–	–	–	–	1,953	**1,953**
Loss for the fourth quarter 2011	–	–	–	–	-946	**-946**
Period result					**-14,669**	**-14,669**
Total comprehensive income	**–**	**–**	**–**	**–**	**-14,669**	**-14,669**
Transactions with owners						
Share issue in kind 2011	7	–	1,721	–	–	**1,728**
Total transactions with owners	**7**	**–**	**1,721**	**–**	**–**	**1,728**
Closing balance 31 December 2011	**5,424**	**71,071**	**367,258**	**-179,124**	**-14,669**	**249,960**
Opening balance 1 January 2012	**5,424**	**71,071**	**367,258**	**-179,124**	**-14,669**	**249,960**
Transfer of prior year net result	–	–	–	-14,669	14,669	**–**
Comprehensive income						
Loss for the first quarter 2012	–	–	–	–	-1,438	**-1,438**
Loss for the second quarter 2012	–	–	–	–	-126,039	**-126,039**
Loss for the third quarter 2012	–	–	–	–	-17,173	**-17,173**
Period result	**–**	**–**	**–**	**–**	**-144,650**	**-144,650**
Total comprehensive income	**–**	**–**	**–**	**–**	**-144,650**	**-144,650**
Transactions with owners						
Share issue 2012	500	–	119,500	–	–	**120,000**
Issue costs	–	–	-5,681	–	–	**-5,681**
Total transactions with owners	**500**	**–**	**113,819**	**–**	**–**	**114,319**
Closing balance 30 Sep 2012	**5,924**	**71,071**	**481,077**	**-193,793**	**-144,650**	**219,629**

Notes

General information

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

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

Accounting principles

The nine months report 2012 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The nine months report 2012 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 2011.

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	2012 Average	2012 Period end	2011 Average	2011 Period end
SEK/USD	6.85	6.58	6.55	6.84
SEK/CHF	7.28	7.07	7.57	7.36
SEK/EUR	8.80	8.58	9.05	8.98

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 mainly exploring for oil and natural gas and appraising undeveloped known oil and/or natural gas accumulations. The main operational risk is that the interest the group has in oil and gas assets will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil as income and profitability is and will be dependent on prices prevailing from time to time. Significantly lower oil prices will reduce current and expected profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. Another operational risk factor is access to equipment in Tethys Oil's project. Especially in the drilling/development phase of a project the group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of theses supplies can present difficulties for Tethys Oil to fulfil projects. Through its operations Tethys Oil is furthermore subject to political risk, environmental risk and the risk of not being able to retain key personnel.

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 2011.

Note 2, Net sales of oil and gas

During the first nine months 2012, Tethys Oil sold 549,720 (77,654) barrels of oil after government take from the Early Production System and the Permanent Production System on Block 3 and 4 in Oman and 169,303 barrels during the third quarter (56,751). This resulted in net sales during the first nine months 2012 of TSEK 414,217 (TSEK 53,700) and TSEK 115,738 (TSEK 41,139) for the third quarter. The average selling price per barrel amounted to USD 109.99 per barrel during the first nine months 2012 (USD 106.73) and USD 101.09 (USD 111.79) for the third quarter.

Note 3, Oil and gas properties

TSEK Country	Book value 30 Sep 2012	Depletion 1 Jan–30 Sep 2012	Write downs 1 Jan–30 Sep 2012	Investments 1 Jan–30 Sep 2012	Book value 1 Jan 2012	Book value 31 Dec 2011	Write downs 1 Jan–31 Dec 2011	Investments 1 Jan–31 Dec 2011	Book value 1 Jan 2011
Oman Block 15	22,819[3]	–	-98,585	6,742	113,671[4]	113,671[4]	–	19,807	92,682[3]
Oman Block 3,4	614,810[3]	-36,668	–	585,558	74,466[4]	74,466[4]	–	16,890	66,573[3]
France Attila	–	–	-9,381	–	9,717	9,717	–	479	9,238
France Alès	3,832	–	-4,093	1,662	5,764	5,764	–	5,764	–
Sweden Gotland Större	2,396	–	–	196	2,200	2,200	–	615	1,628
New ventures	715	–	-697	739	835	835	–	819	16
Total	**644,534**	**-36,668**	**-112,756**	**594,863**	**206,651**	**206,651**	**–**	**44,375**	**170,135**

Oil and gas properties	**Group**			**Parent**		
TSEK	**1 Jan 2012– 30 Sep 2012 9 months**	**1 Jan 2011– 30 Sep 2011 9 months**	**1 Jan 2011– 31 Dec 2011 12 months**	**1 Jan 2012– 30 Sep 2012 9 months**	**1 Jan 2011– 30 Sep 2011 9 months**	**1 Jan 2011– 31 Dec 2011 12 months**
Investments in oil and gas properties						
Opening balance	**291,508**	**254,990**	**254,990**	**–**	**–**	**–**
Investments in France	1,662	5,829	6,243	–	–	–
Investments in Oman	592,300	25,979	36,698	–	–	–
Investments in Sweden	196	387	615	–	–	–
Other investments in oil and gas properties	739	4	819	–	–	–
Adjustment	-9,057[3]	-12,110	-7,859[4]	–	–	–
Closing balance	**895,462**	**275,080**	**291,508**	**–**	**–**	**–**
Depletion*						
Opening balance	**–**	**–**	**–**	**–**	**–**	**–**
Depletion	35,166	–	–	–	–	–
Closing balance	**35,166**	**–**	**–**	**–**	**–**	**–**
Write down						
Opening balance	**84,857**	**84,546**	**84,857**	**–**	**–**	**–**
Write down	112,756	73	–	–	–	–
Closing balance	**197,613**	**84,619**	**84,857**	**–**	**–**	**–**
Net book value	**644,534**	**169,709**	**206,651**	**–**	**–**	**–**

[3] *The book values of oil and gas properties include non cash items of TSEK -9,057 during the first nine months 2012. These adjustments are not part of investments.*

[4] *The book values of oil and gas properties include non cash items of TSEK -7,859 during the full year 2011. These adjustments are not part of investments. Of these adjustments, TSEK -9,564 relates to currency exchange losses and TSEK 1,705 relates to provision for site restoration.*

Tethys Oil presents depletion of oil and gas properties relating to Block 3 and 4, which is in line with the Accounting principles, as Block 3 and 4 starting from first quarter 2012 is considered to be in a commercial production phase.

Note 4, Operating expenses

During the first nine months 2012, the operating expenses (OPEX) amounted to TSEK 79,607 (TSEK –) and for the third quarter operating expenses amounted to TSEK 31,214 (TSEK –). Operating expenses are directly related to oil and gas production on Block 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. Due to an underlift position as per 30 September 2011 amounting to 17,751 barrels, the Operating expenses during the first nine months 2012 have been reduced by TSEK 1,663. The company considers the conditions for presenting Operating expenses under the accounting principles to have been met as of 1 January 2012.

Note 5, Other income

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 6, Associated companies

Tethys Oil holds an indirect interest of 20 per cent in Lithuanian assets; Rietavas and Raiseiniai licences. The interest is held through a 40 per cent ownership in a Danish private company, Jyllands Olie ApS, in partnership with Odin Energi holding the remaining 60 per cent. Jyllands Olie in turn owns 50 per cent interest in the Lithuanian private company UAB LL Investicos. There have been no financial activities in the Jyllands Olie other than the described investment in the Lithuanian company.

Tethys Oil acquired its 20 per cent indirect interest for MUSD 3.5, equivalent of TSEK 23,951.

Note 7, Other long term receivables

Tethys Oil and private Danish oil company Odin Energi entered into an Investment Agreement regarding assets in Lithuania. According to the agreement, Tethys interests in Lithuania shall be held together with Odin through Odin group companies giving Tethys a net indirect interest of 25 per cent in UAB Minijos Nafta (“MN”) and 20 per cent in UAB LL Investicos (“LLI”). Tethys has received newly issued shares in Odin group companies for the holding of LLI. Regarding the holding in Minijos Nafta as per 30 September 2012, Tethys Oil currently holds a receivable on Odin which is to be transferred into shares in Odin group companies. For the transfer of shares to Tethys Oil, a reconstruction of the Odin group is ongoing. The reconstruction is in line with the agreement, and is progressing according to plan. The receivable amounts to MEUR 15.2, equivalent of TSEK 130,247. The loan is secured by a pledge of 30 per cent of the share capital of Odin.

During May 2012, Tethys Oil received TSEK 16,618 as return from the Lithuanian investment. The return on investment was received as dividend from the Lithuanian company Minijos Nafta and was paid out relating to the business year 2011. The process of converting Tethys Oil’s receivable to shares is ongoing.

Note 8, Shareholders’ equity

As per 30 September 2012, the number of outstanding shares in Tethys Oil amount to 35,543,750 (32,543,750), 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.

In May 2012, Tethys Oil conducted two private placements of 3,000,000 shares in total. The two private placements were made at SEK 40 per share, which corresponded to approximately 7 per cent discount to the volume weighted average share price the last trading day before the private placements. Proceeds from the share issues amounted to TSEK 120,000 before issue costs. The shares from the private placements were registered in May and June.

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.

As a continuing security with regard to the bonds, Tethys Oil has entered into a pledge agreement, whereby all shares in the subsidiary Tethys Oil Block 3&4 Ltd are pledged for the benefit of the bond holders.

Note 10, Provisions

Tethys Oil estimates that Tethys Oil’s share of site restoration regarding Block 3&4 amounts to TSEK 2,754 (TSEK 1,705). As a consequence of this provision, oil and gas properties have increased with an equal amount.

Note 11, Contingent liabilities

As per an agreement between Tethys Oil and Mitsui from 2010, 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. As per the same agreement, Mitsui holds the right to and has 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 first nine months 2012, Mitsui received MUSD 39 from Tethys Oil’s cost recovery. Remaining contingent liability as per 30 September 2012 amounts to MUSD 21 equivalent of TSEK 139,338 (TSEK –).

Note 12, Related party transaction

During the year, Tethys Oil Suisse S.A., a wholly owned subsidiary of Tethys Oil AB, has paid rent to Mrs Mona Hamilton amounting to CHF 72,000. Mrs. Mona Hamilton is the wife of Vincent Hamilton, the Chairman and Chief Operating Officer of Tethys Oil. The rent of office space is a commercially based agreement between Tethys Oil Suisse S.A. and Mrs. Mona Hamilton.

Key ratios

Group

	1 Jan 2012– 30 Sep 2012 9 months	1 Jul 2012– 30 Sep 2012 3 months	1 Jan 2011– 30 Sep 2011 9 months	1 Jul 2011– 30 Sep 2011 3 months	1 Jan 2011– 31 Dec 2011 12 months
Items regarding the income statement and balance sheet					
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	167,483	62,106	38,664	36,204	83,057
Operating margin, %	40.43%	53.66%	72.00%	88.01%	80.22%
Result before tax, TSEK	169,450	45,989	24,700	38,659	69,114
Net result, TSEK	169,358	45,963	24,615	38,627	68,991
Net margin, %	40.89%	39.71%	45.84%	93.89%	66.63%
Shareholders' equity, TSEK	715,466	715,466	405,039	405,039	455,559
Balance sheet total, TSEK	1,145,323	1,145,323	408,068	408,068	464,862
Capital structure					
Solvency, %	62.47%	62.47%	99.26%	99.26%	98.00%
Leverage ratio, %	n.a.	n.a.	n.a.	n.a.	n.a.
Adjusted equity ratio, %	62.47%	62.47%	99.26%	99.26%	98.00%
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	589,192	146,751	172,065	150,779	208,392
Profitability					
Return on shareholders' equity, %	23.67%	6.42%	6.08%	9.54%	15.14%
Return on capital employed, %	15.15%	4.11%	6.03%	9.47%	16.25%
Key figures per employee					
Average number of employees	12	12	12	12	12
Number of shares					
Dividend per share, SEK	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow used in operations per share, SEK	8.71	1.12	1.33	0.75	3.49
Number of shares on balance day, thousands	35,544	35,544	32,544	32,544	32,544
Shareholders' equity per share, SEK	20.13	20.13	12.45	12.45	14.00
Weighted number of shares on balance day, thousands	34,102	34,102	32,521	32,544	32,521
Earnings per share, SEK	4.97	1.35	0.76	1.19	2.12
Earnings per share after dilution, SEK	4.97	1.35	0.76	1.19	2.12

For definitions of key ratios please refer to the 2011 Annual Report.

The abbreviation n.a. means not applicable.

Financial information

The Company plans to publish the following financial reports:

Year end report 2012 (January – December 2012) on 12 February 2013
Three month report 2013 (January – March 2013) on 7 May 2013
Annual general meeting is planned to 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

Stockholm, 12 November 2012

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

Magnus Nordin
Managing Director

Tethys Oil AB (publ)

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Report of Review of Interim Financial Information

Introduction
We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Tethys Oil AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Göteborg, 12 November 2012

PricewaterhouseCoopers AB

Klas Brand
Authorised Public Accountant
Auditor in charge

Johan Malmqvist
Authorised Public Accountant