Note: This interim report is presented in USD.

First quarter report 2016[1]

- **Production amounted to 12,212 barrels per day, up 11 per cent compared to the fourth quarter 2015**
- **Revenue amounted to MUSD 20, down 24 per cent compared to fourth quarter 2015**
- **EBITDA amounted to MUSD 10, down 25 per cent compared to fourth quarter 2015**
- **Net result amounted to MUSD -2, down from fourth quarter 2015 net result of MUSD 3**
- **Earnings per share amounted to USD -0.07 during first quarter 2016**
- **Nine new wells completed during the quarter on Blocks 3 and 4 Oman. One new structure successfully drilled in the Shahd area and put in production**

MUSD (unless specifically stated)	**First quarter 2016**	Fourth quarter 2015	First quarter 2015
Net daily production before government take (bbl)	**12,212**	10,956	8,714
Net barrels sold, after government take (bbl)	**531,918**	366,746	308,892
Average selling price per barrel, USD	**35.70**	47.90	63.80
Revenue	**20**	26	25
EBITDA	**10**	13	13
Operating result	**-1**	3	5
Result for the period	**-2**	3	8
Net cash	**45**	51	46
Investments in oil and gas properties	**15**	7	16
Earnings per share, USD	**-0.07**	0.09	0.22

[1] Starting 1 January 2016, the Tethys Oil group will present the financial reports in USD. Please note that all comparative financials have been restated. For further information, please see Accounting principles on page 15.

Letter to shareholders

Dear friends and investors

Are oil prices approaching a 'new normal' within the oil industry? Possibly. Almost two years into the most dramatic price disruption we have seen in a generation, signs are that the forces of supply and demand eventually can make a mark also in this highly political industry. I have always maintained that the price of oil, the most analysed commodity in the world, is impossible to predict in the short term. Anything can happen both on the upside and the down side. But in the longer run market forces will prevail and an equilibrium will arise where supply and demand meet and a new balance is established.

And the forces at work are not that difficult to identify. Demand comes first. Are there signs that demand for oil will remain steady or will it even grow higher? Then supply. First and foremost – is there oil available to produce? Are there willing suppliers who have access to capital to make the necessary investments to bring the oil into production? What is their cost of production? With a view on these questions, a price model is not that difficult to put in place.

In the first years of this century a vast miscalculation of demand (China rising), led to under investment and a subsequent substantial price increase. From a low of under USD 10 per barrel in 1999 to a top of close to USD 150 per barrel seven years later. Not surprisingly capital rushed in to support new investments and production increased. And for a good eight years (with a brief drop in the aftermath of the financial crises in 2008), prices above USD 100 per barrel became a 'new normal'.

But at this price, the other side of the equation got out of whack. The high profit margins led to over investments. At the same time costs increased as the oil service industry (rigs, seismic companies, mud loggers, frackers etc) could all increase their share of the pie and make substantial profits. And suddenly a classic case of over supply was a fact.

The trigger for the price drop turned out to be political at first. Low cost producers saw their market share being threatened by high cost producers, and made the (logical) calculation that if they increase production above current demand prices would fall and high cost producers would have to go out of business. Thus, production would fall, prices stabilise and lower cost producers would prevail.

From a Tethys Oil point of view, we do not mind this scenario as we belong to the low cost producers. And trying to look at the data in a reasonably sober way, rebalancing seems under way. Among the production with the highest costs is the American shale production, which is reliant on hydro fracking and other specialised techniques. And from Houston the message is clear, rig utilisation has been falling month by month and capital is drying up and long term projects are being delayed or scrapped. High cost producers are producing what they can from existing wells to meet interest payments on loan. And eventually, natural decline will dry out these high cost reservoirs. Over the last months, the shale production in USA is finally falling.

So the signs are definitely there. For healthy projects, costs are coming down as service companies cut prices. The markets are rebalancing and prices show signs of stabilising at levels which make it possibly for companies like Tethys Oil to plan ahead and focus on growth.

Even in the first quarter 2016, when the oil price reached a low below USD 30 per barrel, Tethys Oil continued to stay cash flow positive with a cash flow from operations of MUSD 10. Our average selling price fell 25 per cent quarter on quarter down to USD 35.7 per barrel. We report revenues of MUSD 20. Our EBITDA for the quarter amounted to MUSD 10, and our net result for the period amounted to MUSD -2. Our net cash was MUSD 45 as per 31 March 2016.

Outlook

Our investments continue and we see substantial growth opportunities with good profit margins in our core Omani asset. We have intensified our efforts to assess the remaining potential of these prolific blocks. We have mapped more than ten undrilled structures in the areas covered by 3D seismic surrounding the producing fields. All potentially oil bearing. Some of these prospective structures are larger than others. The key to understanding these blocks is the realisation that the producing areas are separate reservoirs, not connected and relatively small.

But there are many of them! About 25 of them are so far in production. Our in-house prospect inventory, now also taking in leads emerging in the south central part of Block 4, is rapidly approaching 30 and of course work continues.

What this implies for Tethys Oil, is that if the new normal turns out to be USD 40 or 50 per barrel of oil for the foreseeable future, we see costs come down, margins remain healthy and primarily we see ample organic growth in our core asset. New projects may or may not materialise. Efforts to add to our portfolio continue. But our core focus remains on Blocks 3 and 4 onshore Oman.

So stay with us, we are far from done!

Stockholm in May 2016

Magnus Nordin
Managing director

FINANCIAL AND OPERATIONAL REVIEW[2]

Production and net sales

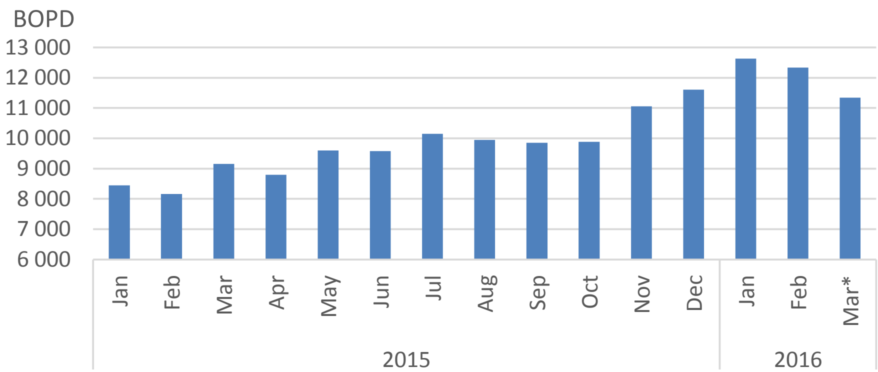
Production

Tethys Oil's core area is onshore the Sultanate of Oman, where the company holds a 30 per cent interest in Blocks 3 and 4. Tethys Oil also has interests in three licenses onshore Lithuania[3] and two dormant licenses onshore France. The primary production comes from the three fields; Farha South, Shahd and Saiwan East in Oman. The production growth has been around 11 per cent quarter on quarter and 40 per cent year on year and has mainly been driven by the on-going implementation of the water injection programme on the Farha South oil field on Block 3 and from the successful exploration and appraisal results from the Shahd oil field on Block 4. Tethys Oil has additional production in Lithuania.

Tethys Oil's share of quarterly volumes, before government take*	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oman, Blocks 3 and 4					
Production	1,101,031	997,904	918,474	848,939	774,315
Average daily production	12,099	10,847	9,983	9,329	8,604
Lithuania, Gargzdai					
Production	10,306	10,007	9,573	9,514	9,892
Average daily production	113	109	104	105	110
Total production	**1,111,336**	**1,007,782**	**928,047**	**858,453**	**784,207**
Total average daily production	**12,212**	**10,956**	**10,087**	**9,434**	**8,714**

*Tethys Oil's share of production from Blocks 3 and 4 Oman is currently 52 per cent after government take of total net production. The basis of production sharing is further explained in the Annual Report 2014.

Tethys Oil's monthly average of daily production *



* The production in March 2016 was affected by planned maintenance work at the Farha South field, which has been completed. Maintenance work is planned to be carried out on the Saiwan East and Shahd fields in April and May, which is expected to have some effect on the production.

The above graph shows the company's growth in average daily production from 1 January 2015 to 31 March 2016.

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[2] 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 quarter of 2016. Segments of the Group are geographical markets. The numbers in the tables in this report may not add exactly due to rounding.

[3] 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 companies are not consolidated in Tethys Oils financial statements and are therefore only presented in the balance sheet under Investments in associates and in the income statement as Net profit/loss from associates.

Revenue

Revenue	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Barrels sold, bbl	**531,918**	366,746	584,399	545,019	308,892
Underlift (overlift) movement, bbl	**40,618**	152,164	(106,793)	(103,571)	93,752
Oil price, USD/bbl	**35.70**	47.90	61.77	57.77	63.80
Net sales, MUSD	**19**	18	36	31	20
Underlift (overlift), MUSD	**1**	8	-6	-5	5
Revenue, MUSD	**20**	**26**	**30**	**26**	**25**

First quarter 2016 revenue is down 24 per cent compared to fourth quarter 2015 revenue and the main reason is the decline in oil prices between the quarters, which is offsetting the increased production. There has been an increase in underlift position during the first quarter.

During the first quarter 2016, Tethys Oil sold 531,918 barrels of oil from Blocks 3 and 4 in Oman, representing 45 per cent increase in comparison with the fourth quarter of 2015 when 366,746 barrels of oil were sold. This resulted in net sales during the first quarter 2016 of MUSD 19 compared to MUSD 18 during the fourth quarter 2015. There has been an adjustment for underlift amounting to MUSD 1, which together with Net sales adds up to Revenue of MUSD 20.

Sale quantities for oil sales are nominated two months in advance and are not based upon the actual production in a month; as a result, sales quantities can be above or below production quantities. Where the sales quantity exceeds the quantity of barrels produced an overlift position occurs and where it is less, an underlift position occurs. The company moved from overlift position to underlift position during the fourth quarter and the underlift position was further increased during the first quarter 2016. The total underlift position as per 31 March 2016 is 63,343 barrels.

Tethys Oil sells all of its oil to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3 and 4 Oman and are made on a monthly basis. The selling price is the monthly average of the two month future price for Omani blend.

The average selling price amounted to USD 35.70 per barrel during the first quarter 2016, compared to USD 47.90 during the fourth quarter 2015. The average price for Dated Brent oil for the period amounted to USD 33.84 per barrel.

Result

Tethys Oil reports a net result after tax for the first quarter 2016 of MUSD -2, representing earnings per share of USD -0.07. The result for the first quarter 2016 is down compared to the fourth quarter 2015 where the net result amounted to MUSD 3. Net result is mainly down due to lower oil prices, which has created lower results on all levels.

Operating expenses

Operating expenses	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Production costs, MUSD	**7**	10	10	7	11
Well workovers, MUSD	**1**	2	1	2	0
Total operating expenses, MUSD	**8**	**12**	**11**	**9**	**11**
Operating expenses per barrel, USD	**7.3**	11.9	12.1	10.3	14.4

Operating expenses during the first quarter 2016 amounted to MUSD 8 compared to MUSD 12 during the fourth quarter 2015. Operating expenses are related to oil and gas production on Blocks 3 and 4 in Oman, and comprise expenses for field staff, expenses related to maintenance, well workovers and interventions and administration.

Operating expenses per barrel throughout 2015 was in the range USD 10 - 14 per barrel. During the first quarter 2016 operating expenses per barrel was significantly reduced to USD 7.3 per barrel. A reduction in operating expenditures per barrel has been anticipated and it is the result from general cost reductions and higher production. The operating expenses will for individual quarters fluctuate, but are expected to in average over 2016 continue to be lower in comparison to operating expenses in 2015.Of these costs, around 50-60 per cent is field related production costs, i.e. excluding costs for work over rigs, office costs etc.

Depletion, depreciation and amortisation

DD&A	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
DD&A, MUSD	**11**	10	9	8	8
DD&A per barrel, USD	**10.0**	9.8	9.8	9.8	9.8

Depletion, depreciation and amortisation ("DD&A") for the first quarter 2016 amounted to MUSD 11 compared to MUSD 10 for the fourth quarter 2015. The DD&A charge relates to Blocks 3 and 4 Oman and the increase is explained by higher production.

Net back

Net back, USD/bbl	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Oil price achieved (sales barrels)	**35.70**	47.9	61.8	57.8	63.8
Revenue (after government take)	**18.6**	24.9	32.1	30.0	33.2
Operating expenses	**7.3**	11.9	12.1	10.3	14.3
Net back, USD/bbl	**11.2**	**13.0**	**20.0**	**19.7**	**18.8**

The net back per barrel has mainly been driven by the oil price development, which has continuously declined since the second half of 2014. The decline in net back has been reduced by the significant decrease in operating expenses per barrel during the first quarter 2016.

Net profit from associated companies

Tethys Oil holds indirect interest in the three Lithuanian licences; Gargzdai, Rietavas and Raseiniai, through associated companies Jylland Olie and Odin Energi. The result from Tethys Oil's share in these associated companies during the first quarter 2016 amounted to MUSD -0 compared to MUSD -0 during the fourth quarter 2015. There has been a long term trend of declining production from Gargzdai, which is in line with expectations.

Administrative expenses

Administrative expenses amounted to MUSD -1 for the first quarter 2016 compared to MUSD -1 during the fourth quarter 2015. Administrative expenses are mainly salaries, rents, listing costs and external services. Administrative expenses have been relatively stable between the quarters.

Tax

In Oman, Tethys Oil's oil and gas operations are governed by an Exploration and Production Sharing Agreement (EPSA) whereby Tethys Oil receives its share of oil after government take. Under the terms of the EPSA, Tethys Oil is subject to Omani income taxes and royalties which are paid in full, on behalf of Tethys Oil, from the government share of oil. These taxes are not presented in the income statement.

Net financial result

The result for the first quarter 2016 has been impacted by net foreign exchange losses and fees on long term debt. The net currency exchange effect of the group amounts to MUSD -1 and most of the effect relates to the weaker US dollar in relation to the Swedish krona. Currency translation differences recorded on loans between the parent company and subsidiaries are non-cash related items. Interest and fees related to the credit facility amounted to MUSD -1 and other financial expenditures amounted to MUSD -0. The currency exchange effect and fees on long term debt is part of net financial result amounting to MUSD -1 for the first quarter 2016.

Investments and work programme

Summary of oil and gas properties (MUSD):

Country	Book value 31 Mar 2016	Book value 31 Dec 2015	Investments Jan-Mar 2016
Oman	188	189	15
Lithuania	-	-	-
France	-	-	-
New ventures	1	0	1
Total	**188**	**189**	**15**

Blocks 3 and 4 Oman

During the first quarter 2016, total investments amounted to MUSD 15 of which almost all relate to Blocks 3 and 4. Investments, as charged from the field operator on Blocks 3 and 4 Oman, were higher during the first quarter 2016 compared to the fourth quarter 2015. There was a similar effect during the first quarter 2015 in relation to the fourth quarter 2014.

Investments Block 3 and 4, MUSD	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Drilling - Exploration/Appraisal	1	0	1	0	5
Drilling – Development	7	4	5	3	3
G&G	1	0	2	3	3
Facilities	4	2	3	0	2
Pipeline	1	0	1	0	3
Other capex	1	1	1	0	0
Total investments Blocks 3 and 4	**15**	**7**	**12**	**6**	**16**

The focus of the drilling programme continued to be on the Shahd oil field. A total of nine wells were completed during the quarter, including three production wells and three water injection wells. Two appraisal wells were also drilled into the Lower Khufai layer on the field, one strongly deviated and one completed with a horizontal leg. All production and appraisal wells encountered oil and have been put into production.

One near field exploration well was also drilled in a previously undrilled structure in the northern extension of the Shahd area. The well discovered oil and is producing from the Khufai layer.

Seismic interpretation continues, and at the date of this report more than a dozen leads and prospects have been mapped within or around the producing areas.

Planned maintenance work at the Farha South field was carried out and completed in the end of the first quarter, which affected the production in March. Maintenance work is planned to be carried out on the Saiwan East and Shahd fields in April and May, which is expected to have some effect on the production.

A total of five rigs including a work over rig are in operations on the blocks.

Associated companies

Lithuania

As per 31 March 2016, the value of the shareholding in the two associated Danish companies holding the interest in Lithuanian licenses, amounted to MUSD 2 (MUSD 2). For more information regarding the ownership structure, please refer to Annual report 2015. There has been a minor reduction in the book value as an effect from the negative net result for the first quarter 2016. The book value related to Minijos Nafta (Gargzdai) is zero and as there are no liabilities related to Minijos Nafta Tethys Oil does not recognize any negative net result.

The long term production testing of the exploration well Tidikas-1, which was successfully completed in the third quarter 2015 on the Raseiniai licence, has continued. . The analysis of the cores, taken from both Tidikas-1 and Bedgunis-1, the other well drilled on the licence in 2015, have been received and are now being reviewed.

Liquidity and financing
Cash and bank and Net cash as per 31 March 2016 amounted to MUSD 45 compared to MUSD 51 as per 31 December 2015.

During the first quarter 2016, the cash flow from operations amounted to MUSD 10 and investments in oil and gas amounted to MUSD 15. For the first quarter 2016 the cash flow from operations after investments amounted to MUSD -6.

The Blocks 3 and 4 investment budget 2016 will continue to focus on development and appraisal. Following the oil price development, Tethys Oil's investment plans, including the capex budget, for 2016 will be closely monitored and subject to on-going revisions. The target is to fund investments on Blocks 3 and 4 from available funds and from cash flow from operations.

Tethys Oil's operations in Lithuania are expected to be funded from cash flow from operations and available cash in the associated Lithuanian companies.

Parent company
The Parent company reports a net result after tax for the first quarter 2016 amounting to MSEK -14 compared to MSEK 311 for the fourth quarter 2015. Administrative expenses amounted to MSEK 7 for the first quarter 2016 compared to MSEK 5 for the fourth quarter 2015. Net financial result amounted to MSEK -8 during the first quarter 2016 compared to MSEK 311 for the fourth quarter 2015. The strong result and net financial result during the fourth quarter 2015 relate to an anticipated dividend from the group company Tethys Oil Block 3&4 Ltd.

Share data
As per 31 March 2016, the number of outstanding shares in Tethys Oil amount to 35,543,750, with a quota value of SEK 0.17. All shares represent one vote each. There has been no change in the number of shares since 31 December 2015.

As per 31 March 2016, Tethys Oil held 1,083,669 of its own shares which have been purchased since commencement of the programme during the fourth quarter 2014. The repurchased shares are still included in the total number of shares, but are not included in the average number of shares in circulation, which amount to 34,460,081 during the first quarter ending 31 March 2016. There has been no purchase of own shares during 2016 up until publication of this report.

Seasonal effects
Tethys Oil has no significant seasonal variations.

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

Transactions with related parties
There have been no transactions with related parties during the first quarter 2016, nor for any comparative periods.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

MUSD	Note	First quarter 2016	Fourth quarter 2015	First quarter 2015
Revenue	3	20	26	25
Operating expenses		-8	-12	-11
Gross profit		**12**	**14**	**14**
Depletion, depreciation and amortisation		-11	-10	-8
Exploration costs		-1	-	-
Net profit/loss from associates		-0	-0	-0
Administrative expenses	8	-1	-1	-1
Operating result		**-1**	**3**	**5**
Net financial result	4	**-1**	**0**	**3**
Result before tax		**-2**	**3**	**8**
Income tax		-	-	-
Result for the period		**-2**	**3**	**8**
Other comprehensive result				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences		-1	0	13
Other comprehensive result for the period		**-1**	**0**	**13**
Total comprehensive result for the period		**-3**	**3**	**21**
Number of shares outstanding		35,543,750	35,543,750	35,543,750
Number of shares outstanding (after dilution)		35,543,750	35,543,750	35,543,750
Weighted number of shares		34,460,081	34,574,539	35,194,986
Earnings per share, USD		-0.07	0.09	0.22
Earnings per share (after dilution), USD		-0.07	0.09	0.22

CONSOLIDATED BALANCE SHEET IN SUMMARY

MUSD	Note	31 Mar 2016	31 Dec 2015	31 Dec 2014
ASSETS				
Non current assets				
Oil and gas properties	5	188	189	166
Office equipment		0	0	0
Investment in associates		2	2	5
		189	**191**	**172**
Current assets				
Other receivables		5	8	10
Prepaid expenses		2	2	2
Cash and cash equivalents		45	51	48
		52	**61**	**61**
TOTAL ASSETS		**242**	**253**	**232**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		1	1	1
Additional paid in capital		66	66	66
Other reserves		30	31	25
Retained earnings		119	120	123
Total shareholders' equity		**215**	**217**	**214**
Non current liabilities				
Loan facility	6	-	-	-
Other non current liabilities	7	4	4	3
		4	**4**	**3**
Current liabilities				
Accounts payable		0	0	0
Accrued expenses		5	20	14
Other current liabilities		18	12	0
		23	**31**	**15**
Total liabilities		**27**	**35**	**18**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**242**	**253**	**232**
Pledged assets	9	171	213	230
Contingent liabilities	10	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

MUSD	Share capital	Paid in capital	Other reserves	Retained earnings	Total equity
Opening balance 1 January 2015	**1**	**66**	**25**	**123**	**214**
Comprehensive income					
Result for the full year 2015	-	-	-	23	**23**
Period result	**-**	**-**	**-**	**23**	**23**
Other Comprehensive income					
Currency translation differences full year 2015	**-**	**-**	6	-	**11**
Total other comprehensive income	**-**	**-**	**6**	**-**	**11**
Total comprehensive income	**-**	**-**	**31**	**23**	**59**
Transactions with owners					
Purchase of own shares	-	-	-	-5	**-5**
Dividends paid	-	-	-	-4	**-4**
Share redemption	-	-	-	-8	**-8**
Incentive programme	-	-	-	-0	**0**
Total transactions with owners	**-**	**-**	**-**	**-20**	**-25**
Closing balance 31 December 2015	**1**	**66**	**31**	**120**	**217**
Opening balance 1 January 2016	**1**	**66**	**31**	**120**	**217**
Comprehensive income					
Result for the first quarter 2016	**-**	**-**	**-**	**-3**	**-3**
Period result	**-**	**-**	**-**	**-3**	**-3**
Other Comprehensive income					
Currency translation differences first quarter 2016	**-**	**-**	**-1**	**-**	**-2**
Total other comprehensive income	**-**	**-**	**-1**	**-**	**-2**
Total comprehensive income	**-**	**-**	**-1**	**-3**	**-5**
Closing balance 31 March 2016	**1**	**66**	**30**	**119**	**215**

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MUSD	Note	**First quarter 2016**	Fourth quarter 2015	First quarter 2015
Cash flow from operations				
Operating result		-2	3	5
Interest received		0	0	0
Interest paid	4	-0	-0	-0
Income tax		-	-	-
Adjustment for exploration costs		1	0	0
Adjustment for depletion, depreciation and other non cash related items		12	10	11
Total cash flow from operations before change in working capital		**10**	**13**	**15**
Change in receivables		-1	-13	1
Change in liabilities		0	3	2
Cash flow from operations		**10**	**2**	**18**
Investment activity				
Investment in oil and gas properties	5	-15	-7	-16
Investment in other fixed assets		-0	-0	-0
Cash flow from investment activity		**-17**	**-7**	**-16**
Financing activity				
Purchase of own shares		-	-2	-5
Long term credit facility		-	-10	-
Cash flow from financing activity		**-**	**-12**	**-5**
Period cash flow		**-6**	**-17**	**-2**
Cash and cash equivalents at the beginning of the period		51	67	48
Exchange gains/losses on cash and cash equivalents		0	0	0
Cash and cash equivalents at the end of the period		45	51	46

KEY RATIOS

Group

	First quarter 2016	Fourth quarter 2015	First quarter 2015
Operational items			
Production before government take, bbl	1,111,336	1,007,782	784,207
Production per day, bbl	12,212	10,956	8,714
Net sales after government take, bbl	531,918	366,746	308,892
Achieved oil price, USD/bbl	35.70	47.90	63.80
Income statement and balance sheet			
Revenue, MUSD	20	26	25
EBITDA, MUSD	10	13	13
EBITDA-margin, %	49%	49%	51%
Operating result, MUSD	-1	3	5
Operating margin, %	-7%	12%	20%
Net result, MUSD	-2	3	8
Net margin, %	-12%	12%	31%
Cash and cash equivalents, MUSD	45	51	46
Shareholders' equity, MUSD	215	217	217
Balance sheet total, MUSD	242	253	237
Capital structure			
Solvency, %	89%	86%	92%
Leverage ratio, %	-19.07%	-21.57%	-19.68%
Investments, MUSD	15	7	16
Net cash, MUSD	45	51	46
Profitability			
Return on shareholders' equity, %	-1.05%	1.52%	3.51%
Return on capital employed, %	-0.08%	2.58%	3.76%
Other			
Average number of employees	20	18	18
Dividend per share, USD	-	-	-
Cash flow from operations per share, USD	0.50	0.07	0.28
Number of shares on balance day, ´000	35,544	35,544	35,544
Shareholders' equity per share, USD	6.07	6.11	6.11
Weighted number of shares on balance day, ´000	34,460	34,575	35,195
Earnings per share, USD	-0.07	0.09	0.22
Earnings per share after dilution, USD	-0.07	0.09	0.22

Key quarterly data

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Daily production, bbl	12,212	10,956	10,087	9,434	8,713	8,350	8,399	7,232
Barrels sold, bbl	531,918	366,746	584,399	545,019	308,892	434,035	399,352	350,059
Revenue, MUSD	20	26	30	26	25	38	42	36
EBITDA, MUSD	10	13	17	16	13	24	33	28
Return on shareholders' equity	-1.05%	1.52%	4.5%	1.7%	3.5%	-0.1%	12.5%	8.3%
Cash flow from operations, MUSD	10	2	35	6	18	33	25	19
Earnings per share, USD	-0.07	0.09	0.24	0.13	0.22	-0.00	0.67	0.42
Share price, end of period, SEK	54.0	57.5	44.4	55.5	57.8	59.2	85.2	74.7

For definitions of key ratios please refer to the 2015 Annual Report.

The abbreviation n.a. means not applicable.

PARENT COMPANY INCOME STATEMENT IN SUMMARY[4]

MSEK	Note	First quarter 2016	Fourth quarter 2015	First quarter 2015
Other income		1	1	2
Net profit/loss of associates		-0	3	-4
Administrative expenses		-7	-5	-6
Operating result		**-6**	**-1**	**-8**
Net financial items		-8	311	30
Result before tax		**-14**	**311**	**22**
Income tax		-	-	-
Result for the period*		**-14**	**311**	**22**

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

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	Note	31 Mar 2016	31 Dec 2015	31 Mar 2015
ASSETS				
Total non current assets		147	148	91
Total current assets		358	368	237
TOTAL ASSETS		**505**	**517**	**329**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Restricted shareholders' equity		77	77	77
Unrestricted shareholders' equity		381	395	248
Total current liabilities		46	45	3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**505**	**517**	**329**
Pledged assets	9	1	1	1
Contingent liabilities	10	-	-	-

[4] Please note that the parent company continues to present its financial reports in SEK. For more information please see Accounting principles on next page.

NOTES

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

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

Accounting principles
The first quarter report 2016 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The first quarter report 2016 of the Parent company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 –"Accounting for legal entities", issued by the Swedish Financial Accounting Standards Council.

The accounting principles as described in the Annual report 2015, have been used in the preparation of this report.

New financial reporting currency
IAS 21 allows financial reporting in currencies other than Swedish kronors (SEK), for Swedish groups. Tethys Oil's board of directors have decided to adopt USD as the reporting currency for the Group in order to improve the understanding of Tethys Oil's financial reporting and to increase transparency. As a consequence, the comparative figures are translated into USD whereby assets and liabilities are translated at the closing rate at the date of that balance sheet and income and expenses are translated at the exchange rates at the dates of the transactions. Equity is translated against historical rates.The financial reporting in USD has commenced as from 1 January 2016. The parent company will continue to use SEK as financial reporting currency.

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

	31 March 2016		31 December 2015		31 March 2015	
Currency	**Average**	**Period end**	**Average**	**Period end**	**Average**	**Period end**
SEK/USD	8.49	8.31	8.45	8.51	8.29	8.74
SEK/EUR	9.38	9.29	9.42	9.30	9.47	9.27
SEK/CHF	8.59	8.51	8.80	8.60	8.74	8.69

Effect of currency exchange rates on operating result, MUSD	First quarter 2016 comparison with Fourth quarter 2015	First quarter 2015
Revenue	-	-
Depreciation, depletion and amortization	-0	-0
Exploration costs	-	-
Other income	0	0
Operating expenses	-	-
Net profit/loss from associate	0	0
Administrative expenses	-0	-0
Summary of currency exchange rate effect on operating result	**0**	**0**

The table above presents the currency exchange effect on operating result compared with the above comparative periods, by applying the average exchange rate of the respective comparative period on the first quarter 2016 accounts.

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

IAS 39 valuation categories and related balance sheet items

31 March 2016

MUSD	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	5	-
Cash and bank	-	45	-
Accounts payables	-	-	0
Accrued expenses	-	-	5

31 December 2015

MUSD	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	8	-
Cash and bank	-	51	-
Accounts payables	-	-	0
Accrued expenses	-	-	20

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 commercially producing oil and is furthermore exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil 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 cash flows and profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. There are no oil price hedges in place as per 31 March 2016.

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

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 2015.

Note 2) Segment reporting
The Group´s accounting principle for segments describes that operating segments are based on geographic perspective. The operating result for each segment is presented below.

Group income statement Jan-Mar 2016

MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue	20	-	-	-	**20**
Operating expenses	-8	-	-	-	**-8**
Depreciation, depletion and amortisation	-11	-	-0	-	**-11**
Exploration costs	-1	-	-	-	**-1**
Other income	-	-	-	-	**-**
Net profit/loss from associates	-	-0	-	-	**-0**
Administrative expenses	-0	-	-1	-0	**-1**
Operating result	**-1**	**-0**	**-1**	**-0**	-2
Total financial items					-1
Result before tax					**-3**
Income tax					-
Result for the period					**-3**

Group income statement Jan-Dec 2015

MUSD	Oman	Lithuania	Sweden	Other	Total
Revenue	107	-	-	-	**107**
Operating expenses	-43	-	-	-	**-43**
Depreciation, depletion and amortisation	-35	-	-	-	**-35**
Exploration costs	-	-	-	-0	**-0**
Other income	-	-	-	-	**-**
Net profit/loss from associates	-	-0	-	-	**-0**
Administrative expenses	-1	-	-3	-1	**-5**
Operating result	**27**	**-0**	**-3**	**-1**	**23**
Total financial items					0
Result before tax					23
Income tax					-
Result for the period					23

Note 3) Revenue

Revenue, MUSD	First quarter 2016	Fourth quarter 2015	First quarter 2015
Net sales,	**19**	18	20
Underlift (overlift)	**1**	8	5
Revenue	**20**	**26**	**25**

Tethys Oil sells all of its oil to Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3 and 4 Oman and are made on a monthly basis. The selling price is the monthly average of the two month future price for Omani blend.

Note 4) Net financial result

Net financial result	First quarter 2016	Fourth quarter 2015	First quarter 2015
Financial income:			
Interest income	0	0	0
Gain on currency exchange rates	1	2	4
Other financial income	0	0	0
Financial expenses:			
Interest expenses	-0	-0	-0
Currency exchange losses	-2	-2	-0
Other financial expenses	-0	-0	-0
Net financial result	**-1**	**-0**	**3**

Note 5) Oil and gas properties

Country	Licence name	Phase	Tethys Oil, %	Total area, km²	Partners (operator in bold)	Book value 31 Mar 2016	Book value 31 Dec 2015	Investments Jan-Mar 2016
Oman	Blocks 3,4	Production	30%	34,610	**CCED**, Mitsui	**188**	189	**15**
Lithuania	Gargzdai	Production	25%	884	Odin, GeoNafta	**-**	-	**-**
Lithuania	Rietavas	Exploration	30%	1,594	Odin, private investors	**-**	-	**-**
Lithuania	Raseiniai	Exploration	30%	1,535	Odin, private investors	**-**	-	**-**
France	Alès	Exploration	37.5	215	MouvOil	**-**	-	**-**
France	Attila	Exploration	40%	1,986	**Galli Coz**	**-**	-	**-**
New ventures						**1**	-	**0**
Total						**188**	**189**	**15**

Note 6) Loan facility
Tethys Oil has a four-year, up to MUSD 62, senior revolving reserve based lending facility. The original facility amount was up to MUSD 100 and the maximum facility amount is being reduced in accordance with the loan life. Security for the facility is the interest in the Blocks 3 and 4 licence. The interest rate of the credit facility is floating between LIBOR + 3.75 per cent to LIBOR + 4.00 per cent per annum, depending on the level of utilization of the facility. As per 31 March 2016, there is no outstanding interest bearing debt from the credit facility.

Note 7) Other non current liabilities
Tethys Oil have other non current liabilities of MUSD 4 (MUSD 4), which is a provision for site restoration on Blocks 3 and 4 in Oman.

Note 8) Incentive programme
Tethys Oil has an incentive programme as part of the remuneration package to employees. The company have issued 356,000 warrants where each warrant entitles to subscription to one new share in Tethys Oil. The warrants have been recalculated as a consequence of the share redemption carried out during the second quarter of 2015 and now each entitles to subscription to 1.03 shares in Tethys Oil. The warrants have a three year duration and the strike price of the warrants is SEK 80.40 per share. As the strike price is above the share price as per the reporting date in this report, the warrants are not included in the fully diluted number of shares.

Note 9) Pledged assets
As per 31 December 2015, pledged assets amounted to MUSD 171 (213). Pledged assets are mainly a continuing security with regard to the credit facility where Tethys Oil has entered into a pledge agreement. The pledge relates to all shares in the subsidiary Tethys Oil Block 3&4 Ltd for the benefit of the lenders in the credit facility and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd. The reduction of pledged assets during the first quarter 2016 is an effect of reduced shareholders' equity in Tethys Oil Block 3&4 Ltd after paying dividend to the parent company.

Pledged assets in the parent company amounts to MSEK 1 (1) and relate to a pledge in relation to office rental.

Note 10) Contingent liabilities
There are no outstanding contingent liabilities as per 31 March 2016, nor for the comparative period.

ABOUT TETHYS OIL

Tethys Oil is a Swedish energy company focused on exploration and production of oil. Tethys Oil's core area is the Sultanate of Oman, where the company is one of the largest onshore oil concession holders with a current net production of above 12,000 barrels of oil per day. Tethys Oil also has exploration and production assets onshore Lithuania and France. The shares are listed on Nasdaq Stockholm (TETY).

Vision

Tethys Oil shall have a well-balanced and self-financed portfolio of oil and natural gas assets. The company also aims to conduct business in an economical, socially and environmentally responsible way, to the benefit of all stakeholders.

Capital structure target

Tethys Oil's primary objective is to create shareholder value and in doing so the company will have a balanced approach to growth and shareholder distributions, with a long term capital structure target of a zero net cash position.

FINANCIAL CALENDAR:

Annual meeting 2016 will be held in Stockholm on 18 May 2016

Second quarter report 2016 (January – June 2016) on 16 August 2016

Third quarter report 2016 (January – September 2016) on 1 November 2016

Fourth quarter 2016 (January – December 2016) on 14 February 2017

First quarter 2017 (January – March 2017) on 2 May 2017

Conference call
Date: 2016-05-03
Time: 10.00 CET

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

To participate via phone, please call:
Sweden: +46 8 505 564 74
Switzerland: +41 225 675 541
UK: +44 203 364 5374
North America: +1 855 753 2230

To participate via web:
Link to webcast: http://edge.media-server.com/m/p/3ckcbbi6

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Stockholm, 3 May 2016
Tethys Oil AB (publ)
Org. No. 556615-8266

Magnus Nordin
Managing director

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