



Tethys Oil AB (publ)

Report for the period 1 January 2004 – 31 December 2004

Highlights

Net result for 2004 was TSEK -5,062 (TSEK -891) and TSEK -2,020 (TSEK -299) for the fourth quarter of 2004. A write down of oil and gas properties of TSEK 435 has negatively affected the results for the fourth quarter of 2004.

Earnings per share SEK -1.37 (SEK -0.89) for 2004 and SEK -0.46 (SEK -0.20) for the fourth quarter of 2004.

As at 31 December 2004 there have been no sales of oil and gas recorded in Tethys Oil, nor for the equivalent period of last year.

Operations

Tethys Oil

Tethys Oil is a Swedish company focused on exploration for and production of oil and natural gas. The main geographic focus of Tethys Oil is countries within the European Union and candidate countries. Tethys Oil aims to create value for its shareholders by both exploration and by acquisitions of assets in various stages of development.

Tethys Oil has, at the moment, interests in exploration licenses in Denmark, Spain and Turkey.

Overview

Country	Areas	Tethys Oil, %	Total area km ²	Operator
Denmark	License 1/02	70%	533	Tethys Oil Denmark
	License 1/03	70%	1,655	Tethys Oil Denmark
Spain	La Lora	22.5%	106	Northern Exploration Ltd.
	Valderredible	50% ¹	241	Northern Exploration Ltd.
	Huermece	50% ¹	121	Northern Exploration Ltd.
	Basconillos	50% ¹	194	Northern Exploration Ltd.
Turkey	Hoto	45%	15	Aladdin Middle East Ltd.
	Ispandika	10% – 45%	965	Aladdin Middle East Ltd.
Total area			3,830	

¹ The Windsor Group hold the right to, by funding the equivalent share of seismic or drilling, receive up to 10 percent participation in the three exploration licenses. If the Windsor Group utilise its right, Tethys Oil's participation in the licenses will decrease to 40 percent at the lowest.

Denmark

Tethys Oil has two exploration licenses in Denmark located on Jutland and Zealand. The primary reservoir objective is layers of sandstone deposited during the lower Cretaceous time

period. Cretaceous sandstone deposits in nearby regions including the North Sea and Irish Sea Basins are of high quality and currently produce oil and natural gas. Tethys Oil is the operator and holds a 70 percent interest in both licenses.

License 1/02

On Tethys operated license 1/02 onshore Zealand Denmark, the geologically optimal drilling location has been agreed by partners and work is currently underway to secure a corresponding surface location in order to be able to start preparations for a drill site. This will enable the drilling of the Karlebo -1 exploration well planned for later this year.

The well will be designed to test all three potentially hydrocarbon bearing zones that have been identified from the seismic studies carried out to date. The three potential reservoir zones consist of sandstones at depths ranging from 1,800 metres to 2,400 metres below surface. The well location has been chosen using 291 kilometres of 2D seismic data and regional stratigraphic correlations. Based on geothermal modelling of available data, natural gas is considered to be more likely discovered than crude oil.

License 1/03

In License 1/03, Tethys has started on the technical work program for 2005. This includes a special new seismic processing technique designed to identify natural gas reservoirs. During the summer, a surface geochemical survey will be conducted over a prospect identified onshore Jutland. These types of surveys have been developed in order to detect minute quantities of hydrocarbon gasses in the soil. Positive results would indicate the presence of an active petroleum system working in the area.

Spain

Tethys Oil has interest in four licenses located south of the Cantabrian Mountains in northern Spain within the Duero basin, between the cities of Burgos and Bilbao. This includes a 22.5 percent participation in the La Lora license covering the Ayoluengo field, and a 50 percent interest in three exploration licenses Huermece, Valderredible and Basconcillos-H area. Northern Petroleum, which is an oil and natural gas company listed on AIM at the London Stock Exchange, is the operator of all four licenses.

During 2004 all of the results of previous technical studies were put together and Tethys Oil now prepares for a drilling feasibility study and possible production enhancing activities in the Ayoluengo field.

Turkey

Tethys Oil has interests in three licenses, located within the south-east region on the flank of the Taurus- Zagros thrustbelt (Hoto) and within the folded zone to the south (Ispandika). The thrustbelt itself extends several thousands of kilometres into Iraq and Iran and is one of the most important petroleum provinces of the world. Tethys Oil has a 45 percent share in the Hoto license and 10% in the two licenses covering the Ispandika prospects. Aladdin Middle East Ltd. is the operator of the licenses.

Hoto

An exploration well, Koctepe-1, was spudded in the license during 2004. The operator did several open-hole drill stem tests, but no flow was recorded and no oil recovered. Evaluations are under progress for new prospects in the remainder of the license.

Ispandika

In 2004 the interpretation of the reprocessed seismic lines of the Ispandika license was finalized. Presently, a geological study and a satellite topographic study of the license area are being conducted. In the future, Tethys plans to acquire new seismic data and to possibly drill an exploration well.

Other business

The continuing high price of crude oil encourages Tethys to rebalance the Company's project portfolio to include more projects of a 'high risk – high reward' nature. Areas outside of Tethys' European core area, in particular in Africa, will become of greater interest to the Company.

Result and Cash Flow

The consolidated financial statements of the Tethys Oil Group (Tethys Oil) are hereby presented for the twelve month period ended 31 December 2004. The amounts relating to the comparative period are shown in parenthesis after the amount for the current period. Up until 31 December 2004, Tethys Oil has not reported any sales, which is why there is no segmental information below. Also due to the fact that there are no sales in Tethys Oil, seasonal variations do not significantly impact the result.

Net profit and sales

Tethys Oil reports a net result for 2004 of TSEK -5,062 (TSEK -891) and TSEK -2,020 (TSEK -299) for the fourth quarter of 2004 representing earnings per share of SEK -1.37 (SEK -0.89) for the full year of 2004 and SEK -0.46 (SEK -0.20) for the fourth quarter of 2004. A write down of oil and gas properties of TSEK 435 has negatively affected the fourth quarter of 2004. There is no dilution of shares in Tethys Oil. Cash flow from operations before changes in working capital for the full year of 2004 amounted to TSEK -4,577 (TSEK -885) and TSEK -1,560 (TSEK -299) for the fourth quarter of 2004.

The net result for the full year of 2004 has not been significantly impacted by net foreign exchange losses or gains.

There have been no sales or production of oil and gas for the twelve month period ended 31 December 2004, apart from incidental oil production in the La Lora field, which according to Tethys Oil's accounting principles is offset against capitalised costs of the related cost centre in the balance sheet. The net result of Tethys' share in the Ayoluengo production has been marginally negative. Accordingly, there has been no depletion of oil and gas properties as Tethys Oil follows the full cost method of accounting. During the reporting period, Tethys Oil has written down oil and gas assets of TSEK 435. The write down is referable to previous investments in oil and gas assets in areas where the company is not active.

Costs of administration and depreciation

Costs of administration and depreciation amounted to TSEK -5,375 (TSEK -934) for the full year of 2004 and TSEK -1,906 (TSEK -299) for the fourth quarter of 2004. Depreciation amounted

to TSEK 50 (TSEK 6) for the twelve month period ended 31 December 2004 and TSEK 25 (nil) for the four month period ending 31 December 2004. Costs of administration are mainly rents, salaries, office supplies and travel expenditures. These costs are corporate costs and are accordingly not capitalised. The depreciation in the income statement is referable to computers, phones etc.

Investments

Tangible fixed assets as at 31 December 2004 amounted to TSEK 14,160 (TSEK 1,946) of which TSEK 14,002 (TSEK 1,899) relates to oil and gas properties. Oil and gas properties in Denmark amounted to TSEK 1,707 (TSEK 610), in Spain TSEK 3,118 (TSEK 1,128), Turkey TSEK 8,897 (TSEK 118) and other TSEK 279 (TSEK 43). Development and exploration expenditure of TSEK 12,538 (TSEK 1,529) was incurred for the twelve month period ended 31 December 2004 of which Denmark TSEK 1,097, Spain TSEK 1,991, Turkey TSEK 8,779 and other TSEK 671. Development and exploration expenditures have mainly been related to the Turkish exploration well Koctepe-1. In Denmark and Spain the development and exploration expenditures have mainly been geological and geophysical studies. The Company follows the full cost method of accounting for investments in oil and gas properties.

Investments in other tangible fixed assets amounted during the period to TSEK 158 (TSEK 41) and are referable to investments in computers, phones, etc.

Oil and gas properties, TSEK

Country	04-12-31	03-12-31
Denmark	1,707	610
Spain	3,118	1,128
Turkey	8,897	118
Other	279	43
Total	14,002	1,899

Liquidity and financing

Cash and bank as at 31 December 2004 amounted to TSEK 513 (TSEK 1,109). Short-term investments as at 31 December 2004 amounted to TSEK 53,525 (TSEK 1,062). The short-term investments are investments in mutual bond funds with short durations. The share issue during the first quarter which was successfully completed on 29 March 2004 resulted in

proceeds of MSEK 75 before issue costs. The issue costs amounted to TSEK 6,741. The share issue was registered on 1 April 2004.

Current receivables

Current receivables amounted to TSEK 905 (TSEK 19) as at 31 December 2004. Current receivables are mainly receivables from joint venture partners regarding Tethys Oil's investments in the company's Danish oil and gas assets.

Current liabilities

Current liabilities as at 31 December 2004 amounted to TSEK 2,359 (TSEK 597), of which TSEK 751 (TSEK 106) relates to accounts payable, TSEK 95 (nil) relates to other current liabilities and TSEK 1,513 (TSEK 491) relates to accrued expenses. Accrued expenses are mainly liabilities to the Spanish joint venture partner regarding geological and geophysical work carried out in the company's Spanish assets.

Parent company

The parent company reports a result amounting to TSEK -2,970 (TSEK -891) for the twelve month period ended 31 December 2004 and TSEK 72 (TSEK -299) for the four month period ended 31 December 2004. Other income amounted to TSEK 1,472 (nil) for the full year of 2004 and TSEK 1,472 (nil) for the fourth quarter. Other income is sale of geology consulting services and corporate services within the group. Costs of administration and depreciation amounted to TSEK -5,375 (TSEK -934) for the full year of 2004 and TSEK -1,906 (TSEK -299) for the fourth quarter of 2004. Net financial income amounted to TSEK 933 (TSEK 43) during the full year of 2004 and TSEK 506 (nil) during the fourth quarter of 2004. Investments during the full year of 2004 amounted to TSEK 10,455 (TSEK 1,570).

Financial instruments

Tethys Oil has not during the period used any financial instruments in order to hedge risks (i.e. exchange rate exposure). This is mainly due to the relatively low exchange rate exposure in Tethys Oil's current operations.

Board of directors and management

At the Annual General Meeting of shareholders on 27 February 2004, John Hoey, Vincent Hamilton, Magnus Nordin, Håkan Ehrenblad were re-elected members of the board and Jan

Risberg was newly elected and Erik Nerpin resigned. The board members are elected until the end of the next AGM. No deputy directors were appointed. On the board of directors meeting 9 February 2004, Magnus Nordin was appointed Managing Director. At the same meeting Vincent Hamilton was appointed Chief Operating Officer.

Group structure

Tethys Oil AB (publ), with organisational number 556615-8266, is the parent company in the Tethys Oil Group. The wholly owned subsidiaries Windsor Petroleum (Spain) Inc, Tethys Oil Denmark AB, Tethys Oil Spain AB, Tethys Oil Turkey AB, Tethys Oil France AB and Tethys Oil Exploration AB are part of the group. The Tethys Oil Group was established 1 October 2003.

Share data

The total number of shares in Tethys Oil amount to 4,384,800, with a nominal value of SEK 0.50 per share. All shares have one vote each. Tethys Oil does not have any incentive program.

Dividend

The Directors propose that no dividend be paid for the year.

Accounting principles

The twelve month period report of the Tethys Oil Group has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations and statements (RR 20). The same accounting principles were used in the annual report 2003.

1 January 2005 Tethys Oil will report in accordance with International Financial Reporting Standards (IFRS). Even though the Swedish Financial Accounting Standards Council's recommendations gradually have changed, in accordance with IFRS, a number of differences remain. The first report to be presented in accordance with IFRS will be the report for the first quarter of 2005. Comparative numbers for 2004 will during 2005 be presented in accordance with IFRS and the work of compiling the opening balance for 1 January 2005 is largely complete. Tethys Oil has concluded that complying with IFRS will not lead to any changes to previously presented numbers.

Consolidated Income Statement

TSEK	1 Jan 2004 –	1 Oct 2004 –	1 Jan 2003 –	1 Oct 2003 –
	31 Dec 2004	31 Dec 2004	31 Dec 2003	31 Dec 2003
	12 months	3 months	12 months	3 months
Net sales of oil and gas	–	–	–	–
Depletion of oil and gas properties	–	–	–	–
Write-off of oil and gas properties	- 435	- 435	–	–
Administration and depreciation	- 5,375	- 1,906	- 934	- 299
Operating result	- 5,810	- 2,341	- 934	- 299
Interest income and similar items	764	337	- 43	–
Interest expenses	- 16	- 16	- 0	–
Net financial income	748	321	- 43	–
Result before tax	- 5,062	- 2,020	- 891	- 299
Tax	–	–	–	–
Net result	- 5,062	- 2,020	- 891	- 299
Number of shares outstanding	4,384,800	4,384,800	1,500,000	1,500,000
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	1,500,000	1,500,000
Weighted number of shares	3,705,094	4,384,800	1,002,740	1,500,000
Earnings per share	- 1.37	- 0.46	- 0.89	- 0.20
Earnings per share (after full dilution)*	- 1.37	- 0.46	- 0.89	- 0.20

* As of the balance sheet date, Tethys Oil had no convertible bonds, options or other instruments which may cause dilution.

* Tethys Oil conducted, during the first quarter of 2004, a share split of 1:2. Historic number of shares and share related data has been adjusted accordingly.

* The number of shares at 31 December 2004 includes new shares from the share issue, which were registered 1 April 2004. For the weighted average number of shares calculation they were included as from 26 March 2004.

Parent Company Income Statement

TSEK	1 Jan 2004 - 31 Dec 2004	1 Oct 2004 - 31 Dec 2004	1 Jan 2003 - 31 Dec 2003	1 Oct 2003 - 31 Dec 2003
	12 months	3 months	12 months	3 months
Net sales of oil and gas	-	-	-	-
Other income	1,472	1,472		
Depletion of oil and gas properties	-	-	-	-
Write-off of oil and gas properties	-	-	-	-
Administration and depreciation	- 5,375	- 1,906	- 934	- 299
Operating result	- 3,903	- 434	- 934	- 299
Interest income and similar items	948	521	43	-
Interest expenses	- 16	- 16	-	-
Net financial income	933	506	43	-
Result before tax	- 2,970	72	- 891	- 299
Tax	-	-	-	-
Net result	- 2,970	72	- 891	- 299
Number of shares outstanding	4,384,800	4,384,800	1,500,000	1,500,000
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	1,500,000	1,500,000
Weighted number of shares	3,705,094	4,384,800	1,002,740	1,500,000
Earnings per share	- 0.80	0.02	- 0.89	- 0.20
Earnings per share (fully diluted)*	- 0.80	0.02	- 0.89	- 0.20

* As of the balance sheet date, Tethys Oil had no convertible bonds, options or other instruments which may cause dilution.

* Tethys Oil conducted, during the first quarter of 2004, a share split of 1:2. Historic number of shares and share related data has been adjusted accordingly.

* The number of shares at 31 December 2004 includes new shares from the share issue, which were registered 1 April 2004. For the weighted average number of shares calculation they were included as from 26 March 2004.

Balance Sheet

TSEK	Group		Parent Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
ASSETS				
Tangible fixed assets				
Oil and gas properties	14,002	1,899	–	1,196
Other fixed assets	158	50	158	50
Total tangible fixed assets	14,160	1,949	158	1,246
Financial assets				
Shares in subsidiary	–	–	1,203	703
Receivables from group companies	–	–	10,993	–
Total financial assets	–	–	12,196	703
Current assets				
<i>Current receivables</i>				
Receivables from group companies	–	–	3,890	–
Other receivables	766	19	427	19
Prepaid expenses	139	–	139	–
<i>Short term investments</i>				
Other short term investments	53,525	1,062	53,525	1,062
Cash and bank	513	1,109	13	1,109
Total current assets	54,942	2,190	57,993	2,190
TOTAL ASSETS	69,102	4,139	70,356	4,139
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
<i>Restricted equity:</i>				
Share capital	2,192	750	2,192	750
Restricted reserves/share premium reserve	71,071	4,250	71,071	4,250
<i>Unrestricted equity:</i>				
Retained earnings	- 1,458	- 567	- 1,458	- 567
Net result	- 5,062	- 891	- 2,970	- 891
Total shareholders' equity	66,743	3,542	68,835	3,542
Current liabilities				
Accounts payable	751	106	751	106
Other current liabilities	95	–	95	–
Accrued expenses	1,513	491	665	491
Total current liabilities	2,359	597	1,511	597
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	69,102	4,139	70,346	4,139
Pledged assets	–	–	–	–
Contingent liabilities	14,527	2,452	–	2,452

Statement of Changes in Equity

Group

TSEK	Share capital	Restricted Reserves	Retained Earnings	Net Result
Balance at 1 January 2003	–	–	–	–
Formation of group structure	500	1,500	- 567	–
Share issue	250	2,750	–	–
Net result	–	–	–	- 891
Balance at 1 January 2004	750	4,250	-567	- 891
Transfer of prior year net result	–	–	- 891	891
Share issue	1,442	73,562	–	–
Issue costs	–	6,741	–	–
Net result	–	–	–	- 5,062
Balance at 31 Dec 2004	2,192	71,071	- 1,458	- 5,062

Parent Company

TSEK	Share Capital	Restricted Reserves	Retained Earnings	Net Result
Balance at 1 January 2003	500	1,500	–	- 567
Transfer of prior year net result	–	–	- 567	567
Share issue	250	2,750	–	–
Net result	–	–	–	- 891
Balance at 1 January 2004	750	4,250	-567	- 891
Transfer of prior year net result	–	–	- 891	891
Share issue	1,442	73,562	–	–
Issue costs	–	6,741	–	–
Net result	–	–	–	- 2,970
Balance at 31 Dec 2004	2,192	71,071	- 1,458	- 2,970

Cash Flow Statement

Group

TSEK	1 Jan 2004 - 31 Dec 2004	1 Oct 2004 - 31 Dec 2004	1 Jan 2003 - 31 Dec 2003	1 Oct 2003 - 31 Dec 2003
	12 months	3 months	12 months	3 months
Cash flow from operations				
Net result	- 5,062	- 2,020	- 891	- 299
Adjustment for depreciation and other non cash related items	485	460	6	-
Total cash flow used in operations before change in working capital	- 4,577	- 1,560	- 885	- 299
Increase in receivables	- 886	1,140	- 9	685
Increase in liabilities	1,762	453	412	21
Cash flow used in/from operations	- 3,701	33	- 482	407
Investment activity				
Investment in oil and gas properties	- 12,538	- 2,741	-1,529	- 1,247
Investment in other fixed assets	- 158	- 59	- 41	- 17
Cash flow used for investment activity	- 12,696	- 2,800	- 1,570	- 1,264
Financing activity				
Share issue	68,263	- 742	3,000	1,440
Cash flow from financing activity	68,263	- 742	3,000	1,440
Period cash flow	51,866	- 3,509	948	583
Liquid assets at the beginning of the period	2,171	57,545	1,223	1,588
Liquid assets at the end of the period	54,037	54,037	2,171	2,171

Parent Company

TSEK	1 Jan 2004 - 31 Dec 2004	1 Oct 2004 - 31 Dec 2004	1 Jan 2003 - 31 Dec 2003	1 Oct 2003 - 31 Dec 2003
	12 months	3 months	12 months	3 months
Cash flow from operations				
Net result	- 2,970	72	- 891	- 299
Adjustment for depreciation and other non cash related items	50	25	6	-
Total cash used in operations before change in working capital	- 2,920	97	- 885	- 299
Increase in receivables	- 3,240	- 2,410	- 9	685
Increase in liabilities	914	- 395	412	21
Cash flow used in/from operations	- 5,246	- 2,708	- 482	407
Investment activity				
Investment in oil and gas properties	-	-	- 826	- 544
Investment in financial assets	- 11,493	-	- 703	- 703
Investment in other fixed assets	- 158	-59	- 41	- 17
Cash flow used for investment activity	- 11,651	- 59	- 1,570	- 1,264
Financing activity				
Share issue	68,263	- 742	3,000	1,440
Cash flow from financing activity	68,263	- 742	3,000	1,440
Period cash flow	51,366	- 3,509	948	583
Cash and bank at the beginning of the period	2,171	57,046	1,223	1,588
Cash and bank at the end of the period	53,537	53,537	2,171	2,171

Key Ratios

Group

	1 Jan 2004 – 31 Dec 2004	1 Oct 2004 – 31 Dec 2004	1 Jan 2003 – 31 Dec 2003	1 Oct 2003 – 31 Dec 2003
	12 months	3 months	3 months	12 months
Items regarding the income statement and balance sheet				
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	- 5,810	- 2,341	- 934	- 299
Operating margin, %	n.a.	n.a.	n.a.	n.a.
Result before tax, TSEK	- 5,062	- 2,020	- 891	- 299
Net result, TSEK	- 5,062	-2,020	- 891	- 299
Net margin, %	n.a.	n.a.	n.a.	n.a.
Shareholders' equity, TSEK	66,743	66,743	3,542	3,542
Balance sheet total, TSEK	69,102	69,102	4,139	4,139
Capital structure				
Solvency, %	96.59	96.59	85.58	85.58
Leverage ratio, %	0.0	0.0	0,0	0,0
Adjusted equity ratio, %	96.59	96.59	85.58	85.58
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	12,696	2,800	1,570	1,264
Profitability				
Return on shareholders' equity, %	Neg.	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.	Neg.
Key figures per employee				
Average number of employees	2.5	3.0	0.0	0.0
Number of shares				
Number of shares on balance day, thousands	4,385	4,385	1,500	1,500
Shareholders' equity per share, SEK	15.22	15.22	2.40	2.40
Weighted number of shares on balance day, thousands	3,705	4,385	1,003	1,500
Earnings per share, SEK	- 1.37	- 0.46	- 0.89	- 0.20

* Tethys Oil conducted during the first quarter of 2004 a share split of 1:2. Historic number of shares and share related data has been adjusted accordingly.

* The number of shares at 31 December 2004 includes new shares from the share issue, which were registered 1 April 2004. For the weighted averaged number of shares calculation they were included as of March 26 2004.

Key Ratios

Parent company

	1 Jan 2004 – 31 Dec 2004	1 Oct 2004 – 31 Dec 2004	1 Jan 2003 – 31 Dec 2003	1 Oct 2003 – 31 Dec 2003
	12 months	3 months	12 months	3 months
Items regarding the income statement and balance sheet				
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	- 3,903	- 434	- 934	- 299
Operating margin, %	n.a.	n.a.	n.a.	n.a.
Result before tax, TSEK	- 2,970	72	- 891	- 299
Net result, TSEK	- 2,970	72	- 891	- 299
Net margin, %	n.a.	n.a.	n.a.	n.a.
Shareholders' equity, TSEK	68,835	68,835	3,542	3,542
Balance sheet total, TSEK	70,346	70,346	4,139	4,139
Capital structure				
Solvency, %	97.85	97.85	85.58	85.58
Leverage ratio, %	0.0	0,0	0.0	0.0
Adjusted equity ratio, %	97.85	97.85	85.58	85.58
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	10,455	59	1,570	1,264
Profitability				
Return on shareholders' equity, %	Neg.	0.10	Neg.	Neg.
Return on capital employed, %	Neg.	0.12	Neg.	Neg.
Key figures per employee				
Average number of employees	2.5	3.0	0.0	0.0
Number of shares				
Number of shares on balance day, thousands	4,385	4,385	1,500	1,500
Shareholders' equity per share, SEK	15.70	15.70	2.40	2.40
Weighted number of shares on balance day, thousands	3,705	4,385	1,003	1,500
Earnings per share, SEK	- 0.80	0.02	- 0.89	- 0.20

* Tethys Oil conducted during the first quarter of 2004 a share split of 1:2. Historic number of shares and share related data has been adjusted accordingly.

* The number of shares at 31 December 2004 includes new shares from the share issue, which were registered 1 April 2004. For the weighted averaged number of shares calculation they were included as of March 26 2004.

Definitions of Key Ratios

Margins

Gross margin

Operating result before depreciation as a percentage of yearly turnover.

Operating margin

Operating result as a percentage of yearly turnover.

Net margin

Net result as a percentage of yearly turnover.

Capital structure

Solvency

Shareholders' equity as a percentage of total assets.

Leverage ratio

Interest bearing liabilities as a percentage of shareholders' equity.

Adjusted equity ratio

Shareholders' equity plus untaxed reserves as a percentage of total assets.

Interest coverage ratio

Result before taxes plus financial costs as a percentage of financial costs.

Investments

Total investments during the year.

Profitability

Return on shareholders' equity

Net result as percentage of shareholders' equity.

Return on capital employed

Net result as a percentage of average capital employed (total assets minus non interests-bearing liabilities plus allocations).

Other

Number of employees

Average number of employees full-time.

Shareholders' equity per share

Shareholders' equity divided by number of outstanding shares.

Weighted numbers of shares

Weighted number of shares during the year.

Earnings per share

Net result divided by number of outstanding shares.

Definitions and Abbreviations

General

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
IPO	Initial Public Offering
SEK	Swedish krona
TSEK	Thousands of Swedish kronor
USD	US dollar
CHF	Swiss francs
TUSD	Thousands of US dollars
TCHF	Thousands of Swiss francs
MUSD	Million US dollars

Petroleum related abbreviations and definitions

BBL	Barrel
BBLs	Barrels
BCF	Billion cubic feet
BOE	Barrels of oil equivalents
BOEPD	Barrels of oil equivalents per day
BOPD	Barrels of oil per day
MBBL	Thousand barrels (in Latin mille)
MMBO	Million barrels of oil
MMBOE	Million barrels of oil equivalents
MMBOEPD	Million barrels of oil equivalents per day
CF	Cubic feet
MCF	Thousand cubic feet
MCFPD	Thousand cubic feet per day
MMCF	Million cubic feet

Industry specific terms

Barrel

1 barrel is = 159 litres

1 cubic foot = 0.028 m³

Basin

Basin is a depression of large size in which sediments have accumulated.

Farm-in

A joint-venture agreement between companies whereby one company holds the license and the other company joins them by taking a working interest in the license.

Hydrocarbons

Naturally occurring organic substances composed of hydrogen and carbon. They include crude oil, natural gas and natural gas condensate.

Licence

Company is granted rights to a concession and bears the cost of exploration and development, in return for paying to the government licence fees and royalties on production.

Paying interest

Paying interest is the cost-bearing interest arising out of the obligation to bear initial exploration, appraisal and development costs on behalf of a partner.

Probable reserves

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Proved reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimates.

Seismic

Seismic is a method of geophysical prospecting involving the interaction of sound waves and buried sedimentary rock layers.

Working interest

The actual interest owned by a party.

Financial Information

The Company plans to publish the following financial reports:

Annual Report 2004 is expected to be available at Tethys Oil's office during week 12, 2005

Three months report (January - March 2005) on 4 May 2005

Annual General Meeting on 4 May 2005

Six months report (January - June 2005) on 15 August 2005

Nine months report (January - September 2005) on 3 November 2005

Year end report (January - December 2005) on 15 February 2006

Stockholm, 15 February 2005

Magnus Nordin, Managing Director



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