

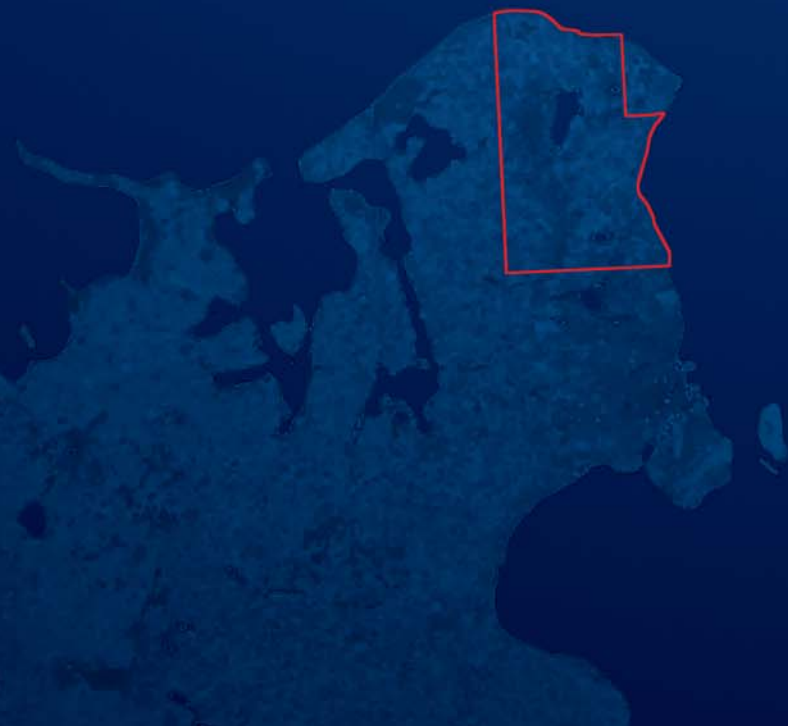


Tethys Oil AB (publ)

Report for the period

1 January 2005 –

31 March 2005



Highlights

- Net result for the first three months of 2005 amounted to TSEK -1,147 (TSEK -509 for the corresponding period last year).
- Earnings per share amounted to SEK -0.26 (SEK -0.31) for the first three months of 2005.
- As at 31 March 2005 there have been no sales of oil and gas in Tethys Oil, nor for the equivalent period of last year.
- On Tethys' operated license 1/02 onshore Zealand Denmark, the geologically optimal drilling location has been agreed by partners, and an agreement to use a corresponding surface location has been signed.
- The final interpretation and evaluation of existing data over the Ispandika licenses has been completed using radar data and satellite imagery. The work was encouraging and by funding this work Tethys has formally fulfilled the agreed work commitment for the 10 per cent license interest.

Letter to shareholders

Dear friends and investors,

The first quarter of 2005 has seen steady progress in most areas of operations for Tethys. On license 1/02 in Denmark a drilling site was chosen and an agreement reached with the landowner to enable Tethys to use the land for the drilling of an exploration well. In April, formal applications were made to the local authorities for necessary building permits and other approvals. Depending on the speed of the approval process Tethys' first Danish well could be started this fall.

In Turkey, much was learned about the Ispandika prospect from a satellite radar/photography study and now the possibility of a seismic acquisition campaign to be carried out this summer is being assessed for feasibility.

Spain continues to disappoint however. Production from La Lora remains at insignificant levels and exploration activity has been low. During the first quarter increased effort has gone into identifying additional opportunities in Spain as well as in finding another producing asset within Tethys' core area that could supplement the marginal production from La Lora.

The continued high oil price environment has encouraged Tethys to expand its core area to include select African countries, while the recent political developments in the Ukraine have made it possible to include that country as a candidate for investments.

Tethys continues to review other license areas both for exploration and production and we have license applications pending in France and Morocco. For the remainder of the year we foresee increased focus on Denmark as an exploration well there draws closer, as well as continued new venture activity.



Stockholm, 4 May 2005

Magnus Nordin
Managing Director

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, as well as select countries in Africa. The shares are listed on Nya Marknaden (TETY) in Stockholm. The company has interests in exploration licenses in Denmark, Spain and Turkey and in a production license in Spain. The company is actively aiming to hold a well balanced portfolio of oil and natural gas interests, in different development stages.

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% ¹	106	Northern Exploration Ltd.
	Valderredible	50% ²	241	Northern Exploration Ltd.
	Huermeces	50% ²	121	Northern Exploration Ltd.
	Basconcillos	50% ²	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 Economic interest

² 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

During 2004, the geologically optimal drilling location was agreed by partners and a corresponding sur-

face location was secured in early 2005 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 in 2005.

The Karlebo exploration 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 meters to 2,400 meters below surface. The well location has been chosen using 291 kilometers of 2D seismic data

and regional stratigraphic correlations. Based on geothermal modeling of available data, natural gas is considered to be more likely discovered than crude oil.

A geophysical amplitude analysis on one seismic line over the drill site location, a so called Wavelet Energy Absorption (WEA) technique, has been conducted and identified amplitude anomalies corresponding to the structural closure of two of the prospective reservoir horizons. Although not confirming that hydrocarbons are present in the structure, these anomalies are one additional indicator supporting Tethys' view that the area is prospective for hydrocarbons.

License 1/03

In License 1/03, Tethys has started on the technical work program for 2005. This includes the new seismic processing technique WEA described above, 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, 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 Huermeceas, Valderredible and Basconillos-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.

The production in the Ayoluengo oil field remains insignificant. Based on the Operator's proposed work program no production changes are expected for the next quarters.

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 percent in the two licenses covering the Ispandika prospects. Aladdin Middle East Ltd. is the operator of the licenses.

Hoto

The results of the Koctepe-1 well, which was drilled during the summer of 2004, are being integrated with the database, and the license is to be evaluated for other potential prospects.

Ispandika

During 2004, the existing two 2D seismic lines from the licenses were reprocessed and interpreted. Following this work a radar and geological study was conducted over the licenses and surrounding area. The study has confirmed that the area is prospective and has confirmed the dimensions of the Ispandika anticline, and in addition identified other potential structures similar in size and nature to Ispandika within the licenses. Though encouraging, the data is not comprehensive enough so additional seismic information is needed before the structures are sufficiently well defined to warrant drilling. The surface mapping from the radar and satellite study has identified potential seismic line locations. In the future, Tethys plans to acquire new seismic data and to possibly drill an exploration well.

New ventures

As part of Tethys' strategy, the company is actively looking to supplement its current license holding with additional licenses. In this regard priority is among others given to areas prospective for natural gas near recently constructed natural gas infrastructure. Tethys currently has two applications for additional exploration acreage over such areas being considered by relevant authorities. One concerns an exploration permit in France and one a recognisance license in Morocco. Both applications are made with partner companies and if the applications are successful Tethys would expect notification by relevant authorities within a couple of months.

RESULT and CASH FLOW

The consolidated financial statements of the Tethys Oil Group (Tethys Oil) are hereby presented for the three month period ended 31 March 2005. The amounts relating to the comparative period (equivalent period of last year) are shown in parenthesis after the amount for the current period. Up until 31 March 2005, Tethys Oil has not reported any sales, which is why there is no segmental information below. Also due to the fact that there have been no sales in Tethys Oil, seasonal variations do not impact the result.

Net profit and sales

Tethys Oil reports a net result for the first three month period of 2005 of TSEK -1,147 (TSEK -509 for the corresponding period last year) representing earnings per share of SEK -0.26 (SEK -0.31). There has been no dilution of shares in Tethys Oil. Cash flow from operations before changes in working capital for the first three months of 2005 amounted to TSEK -1,140 (TSEK -506).

The net result for the first three months 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 three month period ended 31 March 2005, 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. Accordingly, there has been no depletion of oil and gas properties as Tethys Oil follows the full cost method of accounting. Furthermore, there has been no write-off of oil and gas properties for the period.

Costs of administration and depreciation

Costs of administration and depreciation amounted to TSEK -1,337 (TSEK -528) for the first three month period of 2005. Depreciation amounted to TSEK 7 (TSEK 3) for the three month period ending 31 March 2005. 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 March 2005 amounted to TSEK 15,091 (TSEK 2,225) of which TSEK 14,938 (TSEK 2,162) relates to oil and gas properties. Oil and gas properties in Denmark amounted to TSEK 2,307 (TSEK 873), in Spain TSEK 3,182 (TSEK 1,128), Turkey TSEK 8,980 (TSEK 118) and other TSEK 469 (TSEK 43). Development and exploration expenditure of TSEK 936 (TSEK 263) was incurred for the three month period ended 31 March 2005 of which Denmark TSEK 600, Spain TSEK 63, Turkey TSEK 82 and other TSEK 190. Development and exploration expenditure has mainly been geological and geophysical work in Denmark during the quarter. 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 4 (TSEK 16) and are referable to investments in office equipment.

Liquidity and financing

Cash and bank as at 31 March 2005 amounted to TSEK 836 (TSEK 60,272). Short-term investments as at 31 March 2005 amounted to TSEK 50,104 (TSEK 1,032). The short-term investments are investments in mutual bond funds with short durations.

Current receivables

Current receivables amounted to TSEK 652 (TSEK 9,636) as at 31 March 2005.

Current liabilities

Current liabilities as at 31 March 2005 amounted to TSEK 1,087 (TSEK 878), of which TSEK 600 (TSEK 388) relates to accounts payable, TSEK 226 (TSEK 164) relates to other current liabilities and TSEK 261 (TSEK 326) relates to accrued expenses.

Parent company

The parent company reports a result amounting to TSEK -1,136 (TSEK -509) for the three month period ended 31 March 2005. Costs of administration and depreciation amounted to TSEK -1,337 (TSEK -528) for the first three months of 2005. Net financial income amounted to TSEK 316 (TSEK 20) during the first three months of 2005. Investments

during the first three months of 2005 amounted to TSEK 6,123 (TSEK 280).

Financial instruments

Tethys Oil has not during the period used any financial instruments in order to hedge risks. 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. The next Annual General Meeting of shareholders will be held on 4 May 2005.

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 share option incentive program.

Accounting principles

Tethys Oil applies as from January 1, 2005 IFRS, whereas also comparative figures shall be accounted for in accordance with IFRS. The opening balance for 2004 has not been restated since the change of accounting principles has not had any effect on the income statement and the balance sheet.

The three month period report of the Tethys Oil Group has been prepared in accordance with IAS 34, Interim Financial Reporting and is covered by IFRS 1, First-time Adoption of International Financial Reporting Standards, since the report contains part of the financial year, which is the first of the company for which financial reports are prepared according to International Financial Reporting Standards, IFRS. This three month period report has been prepared in accordance with the IFRS standards and IFRIC interpretations issued and effective as at the time of preparing this three month report and that are recognised by the EU commission. Since some IAS/IFRIC standards still are reviewed and additional IFRIC interpretations may be expected for 2005, the accounting principles described below are preliminary and may be modified.

The three month period report for the parent company is prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation 32.

The parent company and the group have up to and including 2004 applied the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations. The applied accounting principles, which are described in the Annual Report for 2004, are to a great extent overlapped with the principles used under IFRS. Within certain areas, IFRS diverges from earlier applied principles. An overview is presented below regarding the changes of accounting, valuation and consolidation methods that the transition has implied.

Accounting for costs of exploration, appraisal and development

According to IFRS 6 "Exploration for and Evaluation of Mineral Resources" expenditures that are incurred in the exploration and evaluation stage are not subject to the normal rules of impairment testing under IAS 36 "Impairment of Assets" as long as the development decision (positive or negative) is not made. Once this decision is made the assets are reclassified and become subject to the normal rules of impairment testing under IAS 36.

Under GAAP used for the preparation of the 2004 financial statements, Tethys Oil has based their impairment testing on a country by country cost pool basis under the full cost method of accounting. IAS 36 requires that impairment testing be carried out on a field by field cost pool basis. The change in method of impairment means that exploration costs can no longer be carried as capitalised costs within a country cost pool unless those costs can be supported by future cash flows on their own merits. If there is no decision to continue with a field specific exploration programme then the expenditure must be expensed. This will be evaluated continuously.

Financial instruments

Financial instruments are accounted for in accordance with IAS 32 and IAS 39. Financial instruments include securities, derivative instruments, receivables, liabilities, lease commitments and borrowings. Financial assets available for sale and derivative instruments are recognised at fair value where appropriate. Change in value of assets for sale during the period is recorded in the equity until the asset is realised. Change in value of derivative instruments is recognised in the income statement if hedging instruments are not used.

Other financial instruments are recorded at amortised cost. Possible differences between amortised cost and nominal value are allocated to the remaining time of possession. No effect on shareholders' equity arises at transition to IAS 39 since the company has had no derivative instruments during 2004.

Tangible fixed assets

All tangible fixed assets are carried at cost less depreciation. Expenditures for repairs and maintenance are recognised as costs. Additional costs, which imply that future financial advantages associated with the asset are enhanced, are balanced as an asset and possible remaining residual value of the replaced equipment is expensed.

Component depreciation is applied for tangible fixed assets. This method implies that every significant part of a fixed asset is depreciated according to a separate plan.

Useful lives, residual values and depreciation principles are in accordance with the earlier applied principles.

Consolidated income statement

TSEK	1 Jan 2005 – 31 Mar 2005 3 months	1 Jan 2004 – 31 Mar 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Net sales of oil and gas	–	–	–
Depletion of oil and gas properties	–	–	–
Write-off of oil and gas properties	–	–	- 435
Administration and depreciation	- 1,337	- 528	- 5,375
Operating result	- 1,337	- 528	- 5,810
Interest income and similar items	193	20	764
Interest expenses	- 3	–	- 16
Net financial income	190	20	748
Result before tax	- 1,147	- 509	- 5,062
Tax	–	–	–
Net result	- 1,147	- 509	- 5,062
Number of shares outstanding	4,384,800	4,384,800	4,384,800
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	4,384,800
Weighted number of shares	4,384,800	1,658,505	3,705,094
Earnings per share	- 0.26	- 0.31	- 1.37
Earnings per share (fully diluted)	- 0.26	- 0.31	- 1.37

* 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 March 2005 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.

Consolidated balance sheet

TSEK	31 Mar 2005	31 Mar 2004	31 Dec 2004
ASSETS			
Tangible fixed assets			
Oil and gas properties	14,938	2,162	14,002
Other fixed assets	154	63	158
Total tangible fixed assets	15,091	2,225	14,160
Current assets			
<i>Current receivables</i>			
Other receivables	429	9,507	766
Prepaid expenses	223	129	139
<i>Short term investments</i>			
Other short term investments	50,104	1,032	53,525
Cash and bank	836	60,272	513
Total current assets	51,592	70,940	54,942
TOTAL ASSETS	66,683	73,166	69,102
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity:</i>			
Share capital	2,192	2,192	2,192
Restricted reserves	71,071	72,062	71,071
<i>Unrestricted equity:</i>			
Retained earnings	- 6,520	- 1,458	- 1,458
Net result	- 1,147	- 509	- 5,062
Total shareholders' equity	65,596	72,288	66,743
Current liabilities			
Accounts payable	600	388	751
Other current liabilities	226	164	95
Accrued expenses	261	326	1,513
Total current liabilities	1,087	878	2,359
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	66,683	73,166	69,102
Pledged assets	-	-	-
Contingent liabilities	14,527	2,452	14,527

Consolidated cash flow statement

TSEK	1 Jan 2005 – 31 Mar 2005 3 months	1 Jan 2004 – 31 Mar 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Cash flow from operations			
Net result	- 1,147	- 509	- 5,062
Adjustment for write down of oil and gas properties	-	-	435
Adjustment for depreciation and other non cash related items	7	3	50
Total cash flow used in operations before change in working capital	- 1,140	- 506	- 4,577
Increase in receivables	253	- 130	- 886
Increase in liabilities	- 1,271	281	1,762
Cash flow from/used in operations	- 2,158	- 355	- 3,701
Investment activity			
Investment in oil and gas properties	- 936	- 263	- 12,538
Investment in other fixed assets	- 4	- 16	- 158
Cash flow used for investment activity	- 939	- 280	- 12,696
Financing activity			
Share issue	-	59,768	68,263
Cash flow from financing activity	-	59,768	68,263
Period cash flow	- 3,097	59,133	51,866
Cash and bank at the beginning of the period	54,037	2,171	2,171
Cash and bank at the end of the period	50,940	61,304	54,037

Parent company income statement

	31 Mar 2005	31 Mar 2004	31 Dec 2004
	3 months	3 months	12 months
Net sales of oil and gas	–	–	–
Other income	320	–	1,472
Depletion of oil and gas properties	–	–	–
Write-off of oil and gas properties	–	–	–
Administration and depreciation	- 1,337	- 528	- 5,375
Operating result	- 1,016	- 528	- 3,903
Interest income and similar items	319	20	948
Interest expenses	- 3	–	- 16
Write down of shares in group company	- 435	–	–
Net financial income	- 119	20	933
Result before tax	- 1,136	- 509	- 2,970
Tax	–	–	–
Net result	- 1,136	- 509	- 2,970
Number of shares outstanding	4,384,800	4,384,800	4,384,800
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	4,384,800
Weighted number of shares	4,384,800	1,658,505	3,705,094
Earnings per share	- 0.26	- 0.31	- 0.80
Earnings per share (fully diluted)	- 0.26	- 0.31	- 0.80

* 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 March 2005 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 balance sheet

TSEK	31 Mar 2005	31 Mar 2004	31 Dec 2004
ASSETS			
Tangible fixed assets			
Oil and gas properties	–	1,459	–
Other fixed assets	154	63	158
Total tangible fixed assets	154	1,522	158
Financial assets			
Long term receivables from group companies	16,677	–	10,993
Shares in subsidiary	1,203	703	1,203
Total financial assets	17,880	703	12,196
Current assets			
<i>Current receivables</i>			
Current receivables	–	–	3,890
Other receivables	89	9,507	427
Prepaid expenses	223	129	139
<i>Short term investments</i>			
Other short term investments	50,104	1,032	53,525
Cash and bank	336	60,272	13
Total current assets	50,752	70,940	57,993
TOTAL ASSETS	68,787	73,166	70,346
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity:</i>			
Share capital	2,192	2,192	2,192
Share premium reserve	71,071	72,062	71,071
<i>Unrestricted equity:</i>			
Retained earnings	- 4,428	- 1,458	- 1,458
Net result	- 1,136	- 509	- 2,970
Total shareholders' equity	67,699	72,288	68,835
Current liabilities			
Accounts payable	600	388	751
Other current liabilities	226	164	95
Accrued expenses	261	326	665
Total current liabilities	1,087	878	1,511
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	68,787	73,166	70,346
Pledged assets	–	–	–
Contingent liabilities	–	2,452	–

Parent company cash flow statement

TSEK	1 Jan 2005 – 31 Mar 2005 3 months	1 Jan 2004 – 31 Mar 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Cash flow from operations			
Net result	- 1,136	- 509	- 2,970
Adjustment for depreciation and other non cash related items	7	3	50
Total cash used in operations before change in working capital	- 1,128	- 506	- 2,920
Increase in receivables	4,143	- 130	- 3,240
Increase in liabilities	- 424	281	914
Cash flow from/used in operations	2,591	- 355	- 5,246
Investment activity			
Investment in oil and gas properties	-	- 263	-
Investment in financial assets	- 5,684	-	- 11,493
Investment in other fixed assets	- 4	- 16	- 158
Cash flow used for investment activity	- 5,688	- 280	- 11,651
Financing activity			
Share issue	-	59,768	68,263
Cash flow from financing activity	-	59,768	68,263
Period cash flow	- 3,097	59,133	51,366
Cash and bank at the beginning of the period	53,537	2,171	2,171
Cash and bank at the end of the period	50,440	61,304	53,537

Statement of changes in equity

Group

TSEK	Share capital	Restricted Reserves	Retained Earnings	Net Result
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 1 January 2005	2,192	71,071	- 1,458	- 5,062
Transfer of prior year net result	-	-	- 5,062	5,062
Net result	-	-	-	- 1,147
Balance at 30 Mar 2005	2,192	71,071	- 6,520	- 1,147

Parent Company

TSEK	Share Capital	Share premium Reserves	Retained Earnings	Net Result
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 1 January 2005	2,192	71,071	- 1,458	- 2,970
Transfer of prior year net result	-	-	- 2,970	2,970
Net result	-	-	-	- 1,136
Balance at 31 Mar 2005	2,192	71,071	- 4,428	- 1,136

Key ratios

Group

	1 Jan 2005 – 31 Mar 2005 3 months	1 Jan 2004 – 31 Mar 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Items regarding the income statement and balance sheet			
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.
Operating result, TSEK	- 1,337	- 528	- 5,810
Operating margin, %	n.a.	n.a.	n.a.
Result before tax, TSEK	- 1,147	- 509	- 5,062
Net result, TSEK	- 1,147	- 509	- 5,062
Net margin, %	n.a.	n.a.	n.a.
Shareholders' equity, TSEK	65,596	72,288	66,743
Balance sheet total, TSEK	66,683	73,166	69,102
Capital structure			
Solvency, %	98.37	98.80	96.59
Leverage ratio, %	0.0	0.0	0.0
Adjusted equity ratio, %	98.37	98.80	96.59
Interest coverage ratio, %	n.a.	n.a.	n.a.
Investments, TSEK	939	280	12,696
Profitability			
Return on shareholders' equity, %	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.
Key figures per employee			
Average number of employees	3	1	2.5
Number of shares			
Dividend per share, SEK	-	-	-
Cash flow used in operations per share, SEK	Neg.	Neg.	Neg.
Number of shares on balance day, thousands	4,385	4,385	4,385
Shareholders' equity per share, SEK	14.96	16.49	15.22
Weighted number of shares on balance day, thousands	4,385	1,659	3,705
Earnings per share, SEK	- 0.26	- 0.31	- 1.37

* 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 March 2005 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.

Key ratios

Parent Company

	1 Jan 2005 – 31 Mar 2005 3 months	1 Jan 2004 – 31 Mar 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Items regarding the income statement and balance sheet			
Gross margin before extraordinary items, TSEK	n.a.	n.a.	n.a.
Operating result, TSEK	- 1,016	- 528	- 3,903
Operating margin, %	n.a.	n.a.	n.a.
Result before tax, TSEK	- 1,136	- 509	- 2,970
Net result, TSEK	- 1,136	- 509	- 2,970
Net margin, %	n.a.	n.a.	n.a.
Shareholders' equity, TSEK	67,699	72,288	68,835
Balance sheet total, TSEK	68,787	73,166	70,346
Capital structure			
Solvency, %	98.42	98.80	97.85
Leverage ratio, %	0.0	0.0	0.0
Adjusted equity ratio, %	98.42	98.80	97.85
Interest coverage ratio, %	n.a.	n.a.	n.a.
Investments, TSEK	5,688	280	10,455
Profitability			
Return on shareholders' equity, %	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.
Key figures per employee			
Average number of employees	3	1	2.5
Number of shares			
Dividend per share, SEK	–	–	–
Cash flow used in operations per share, SEK	Neg.	Neg.	Neg.
Number of shares on balance day, thousands	4,385	4,385	4,385
Shareholders' equity per share, SEK	15.44	16.49	15.70
Weighted number of shares on balance day, thousands	4,385	1,659	3,705
Earnings per share, SEK	- 0.26	- 0.31	- 0.80

* 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 March 2005 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.

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.

Dividend per share

Dividend divided by the number of outstanding shares.

Cash flow used in operations per share

Cash flow used in operations divided by the number of outstanding shares.

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.

Financial information

The company plans to publish the following financial reports:

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

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

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

Three months report (January – March 2006) on 4 May 2006

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

Stockholm, 4 May 2005

Magnus Nordin

Managing Director

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 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 = 159 liters.

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.

License

Company is granted rights to a concession and bears the cost of exploration and development, in return for paying to the government license 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 percent 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 categorized 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 percent 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.



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