



Tethys Oil AB (publ)

Report for the period 1 January 2004 – 30 September 2004

Highlights

Net result for the first nine months of 2004 was TSEK - 3,042 (TSEK - 592) and TSEK - 689 (TSEK - 231) for the third quarter of 2004.¹

Earnings per share SEK - 0.87 (SEK - 0.59) for the first nine months of 2004 and SEK - 0.16 (SEK - 0.23) for the third quarter of 2004.¹

As at 30 June 2004 there have been no sales of oil and gas in Tethys Oil, nor for the equivalent period of last year.

An exploration well, Koctepe-1 in Turkey, was spudded on July 10 and reached a total depth of 1,650 meters at the end of August. Oil was present but not in commercial quantities.

In Spain, all of the results of previous technical studies were combined and currently a drilling feasibility study is being prepared.

In license 1/02, Denmark, The Technical Committee has agreed on a well location. Work is taking place to secure the drill site with landowners and an environmental screening study is under progress.

¹ The amounts presented in parenthesis after the amounts for the current period is the comparative period of last year for the parent company. See further on page 6.

The map on the cover is produced for the PALEOMAP project (www.scotese.com) and is used with kind permission by Christopher Scotese.

Letter to shareholders

Dear friends and investors,

The quarter in question, July – September 2004, was Tethys' second as a public upstream oil company. The main event of the quarter was the participation in the Koctepe-1 well on the Hoto license in South Eastern Turkey. Operated by Aladdin Middle East Ltd, drilling of Koctepe-1 began in mid July and ended in late August.

The well was technically successful but unfortunately “beginners luck” was not with us. Virtually all geological aspects of the prospect that could be controlled before the actual exploratory drilling proved to be correctly interpreted – oil was present and the seismic interpretation was correct - but the reservoir quality was much worse than in adjacent producing fields. The limestone reservoir proved tight with very limited permeability. Tethys elected to abandon the well immediately after total depth was reached.

The remainder of the quarter has been spent continuing evaluation work in Spain and on our latest license 1/03 in Denmark. On license 1/02 onshore Zealand in Denmark, the evaluation work is practically over and focus now is on pre-drilling preparations for the Karlebo prospect. Land issues and environmental work is in progress and suitable drilling rigs are being screened.

The high oil price over the last couple of months has resulted in a markedly increased activity in exploration. Tethys has therefore put more focus on our systematic survey of interesting areas within our core operating environment, European Union and Candidate countries, with a view to increase our license base. So far the survey has resulted in several



areas where we find open acreage of geological interest. In these areas we are now in varying stages of applying for additional licenses from respective authorities.

The survey has also yielded several farm-in opportunities, both in our core area and, indirectly, elsewhere, which are currently being investigated. Similarly we find an increased interest in Tethys' existing licenses which is likely to result in a more structured approach to attracting partners to share in all of our current areas.

The oil business remains even more vibrant than usual and we are working hard to capitalize on those opportunities which present themselves. So,

stay with us and thank you for your support to date.

Stockholm, 5 November 2004

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. 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% ²	241	Northern Exploration Ltd.
	Huermeces	50% ²	121	Northern Exploration Ltd.
	Basconillos	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	

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 per cent interest in both licenses.

License 1/02

The Operating Committee of the license group and Danish authorities have approved to enter into the second phase of the license

that includes a drilling commitment. During the third quarter, the Technical Committee has agreed on a well location. Currently, work is taking place to secure the drill site with landowners. The work program also includes the documentation for the drilling program and an environmental screening study. Next step is to call for tenders and contract a drilling rig. Drilling is expected to begin during next year.

License 1/03

During the third quarter, Tethys Oil finished reprocessing seismic lines from the area. All of the existing onshore seismic data has now been reprocessed and combined with the off-

shore seismic data that was reprocessed previously. Interpretation and mapping of this data has led to the identification of a large prospect located onshore Jutland. This work has resulted in a need to conduct a special processing on two seismic lines, one onshore and one offshore. The work program also includes a surface geochemical study.

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 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.

By the end of the quarter all of the results of previous technical studies were combined and currently a drilling feasibility study is being prepared.

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 on July 10. The target of the well was Cretaceous aged Mardin formation. Three open-hole drill stem test were performed with no flow being recorded and no

oil recovered. The well reached a total depth of 1,650 meters at the end of August.

It was the company's opinion, that further tests or operations on the well were not economically justified. The license operator conducted additional tests on the reservoir but eventually decided to abandon the well. The remainder of the license will now be evaluated for new prospects.

Ispandika

In the Ispandika license, Tethys Oil has finalized the interpretation of the reprocessed seismic lines. A geological study of the license area is ongoing. The future work program comprises acquisition of seismic data and a possible future exploration well.

Result and Cash Flow

The consolidated financial statements of the Tethys Oil Group (Tethys Oil) are hereby presented for the nine month period ended 30 September 2004. The amounts relating to the comparative period (equivalent period for the parent company of last year) are shown in parenthesis after the amount for the current period. Up until 30 September 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 the first nine month period of 2004 of TSEK - 3,042 (TSEK - 592) and TSEK - 689 (TSEK - 231) for the third quarter of 2004 representing earnings per share of SEK - 0.87 (SEK - 0.59) for the first nine month period of 2004 and SEK - 0.16 (SEK - 0.23) for the third quarter of 2004. There is no dilution of shares in Tethys Oil. Cash flow from operations before changes in working capital for the first nine months of 2004 amounted to TSEK - 3,017 (TSEK - 586) and TSEK - 671 (TSEK - 353) for the third quarter of 2004.

The net result for the first nine 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 nine month period ended 30 September 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. 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 - 3,469 (TSEK - 635) for the first nine month period of 2004 and TSEK - 1,094 (TSEK - 259) for the third quarter of 2004. Depreciation amounted to TSEK 25 (TSEK 6) for the nine month period ending 30 September 2004 and TSEK 18 (TSEK 4) for the three month period ending 30 September 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 30 September 2004 amounted to TSEK 11,820 (TSEK 684) of which TSEK 11,696 (TSEK 652) relates to oil and gas properties. Oil and gas properties in Denmark amounted to TSEK 1,153 (TSEK 534), in Spain TSEK 1,231 (TSEK 39), Turkey TSEK 8,880 (TSEK 36) and other TSEK 431 (TSEK 43). Development and exploration expenditure of TSEK 9,797 (TSEK 282) was incurred for the nine month period ended 30 September 2004 of which Denmark TSEK 543, Spain TSEK 104, Turkey TSEK 8,762 and other TSEK 388. 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 99 (TSEK 24) and are referable to investments in computers, phones, etc.

Liquidity and financing

Cash and bank as at 30 September 2004 amounted to TSEK 604 (TSEK 525). Short-term investments as at 30 September 2004 amounted to TSEK 56,942 (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 are estimated to amount to approximately TSEK 6,000. The share issue was registered on 1 April 2004.

Current receivables

Current receivables amounted to TSEK 2,045 (TSEK 704) as at 30 September 2004.

Current liabilities

Current liabilities as at 30 September 2004 amounted to TSEK 1,906 (TSEK 575), of which TSEK 486 (TSEK 406) relates to accounts payable, TSEK 1,075 (TSEK 2) relates to other current liabilities and TSEK 345 (TSEK 167) relates to accrued expenses.

Parent company

The parent company reports a result amounting to TSEK - 3,042 (TSEK - 592) for the nine month period ended 30 September 2004 and TSEK - 689 (TSEK - 231) for the three month period ending 30 September 2004. Costs of administration and depreciation amounted to TSEK - 3,469 (TSEK - 635) for the first nine months of 2004 and TSEK - 1,094 (TSEK - 259) for the third quarter of 2004. Net financial income amounted to TSEK 427 (TSEK 43) during the first nine months of 2004 and TSEK 405 (TSEK 28) during the third quarter of 2004. Investments during the first nine months of 2004 amounted to TSEK 10,396 (TSEK 306).

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.

Accounting principles

The nine 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.

Outlook for 2004

The company's core focus will continue to be growth through exploration and development activity. Tethys Oil is also pursuing opportunities to further expand its oil and gas portfolio through acquisitions.

Consolidated Income Statement

TSEK	1 Jan 2004 – 30 Sep 2004	1 Jul 2004 – 30 Sep 2004	1 Jan 2003 – 30 Sep 2003	1 Jul 2004 – 30 Sep 2003	1 Jan 2003 – 31 Dec 2003
	9 months	3 months	9 months	3 months	12 months
Net sales of oil and gas	-	-	-	-	-
Depletion of oil and gas properties	-	-	-	-	-
Write-off of oil and gas properties	-	-	-	-	-
Administration and depreciation	- 3,469	- 1,094	-	-	- 934
Operating result	- 3,469	- 1,094	-	-	- 934
Interest income and similar items	427	405	-	-	43
Interest expenses	-	-	-	-	0
Net financial income	427	2	-	-	43
Result before tax	- 3,042	- 689	-	-	- 891
Tax	-	-	-	-	-
Net result	- 3,042	- 689	-	-	- 891
Number of shares outstanding	4,384,800	4,384,800	-	-	1,500,000
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	-	-	1,500,000
Weighted number of shares	3,479,352	4,384,800	-	-	1,002,740
Earnings per share	- 0.87	- 0.16	-	-	- 0.89
Earnings per share (fully diluted)*	- 0.87	- 0.16	-	-	- 0.89

* 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 30 September 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 – 30 Sep 2004	1 Jul 2004 – 30 Sep 2004	1 Jan 2003 – 30 Sep 2003	1 Jul 2004 – 30 Sep 2003	1 Jan 2003 – 31 Dec 2003
	9 months	3 months	9 months	3 months	12 months
Net sales of oil and gas	–	–	–	–	–
Depletion of oil and gas properties	–	–	–	–	–
Write-off of oil and gas properties	–	–	–	–	–
Administration and depreciation	- 3,469	- 1,094	- 635	- 259	- 934
Operating result	- 3,469	- 1,094	- 635	- 259	- 934
Interest income and similar items	427	405	43	28	- 43
Interest expenses	–	–	–	–	0
Net financial income	427	405	43	28	- 43
Result before tax	- 3,042	- 689	- 592	- 231	- 891
Tax	–	–	–	–	–
Net result	- 3,042	- 689	- 592	- 231	- 891
Number of shares outstanding	4,384,800	4,384,800	1,000,000	1,000,000	1,500,000
Number of shares outstanding (after full dilution)	4,384,800	4,384,800	1,000,000	1,000,000	1,500,000
Weighted number of shares	3,479,352	4,384,800	1,000,000	1,000,000	1,002,740
Earnings per share	- 0.87	- 0.16	- 0.59	- 0.23	- 0.89
Earnings per share (fully diluted)*	- 0.87	- 0.16	- 0.59	- 0.23	- 0.89

* 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 30 September 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		
	30 Sep 2004	30 Sep 2003	31 Dec 2003	30 Sep 2004	30 Sep 2003	31 Dec 2003
ASSETS						
Tangible fixed assets						
Oil and gas properties	11,696	–	1,899	–	652	1,196
Other fixed assets	124	–	50	124	32	50
Total tangible fixed assets	11,820	–	1,949	124	684	1,246
Financial assets						
Long term receivables	–	–	–	10,993	–	–
Shares in subsidiary	–	–	–	1,203	–	703
Total financial assets	–	–	–	12,196	–	703
Current assets						
<i>Current receivables</i>						
Other receivables	1,957	–	19	1,957	704	19
Prepaid expenses	88	–	–	88	–	–
<i>Short term investments</i>						
Other short term investments	56,942	–	1,062	56,942	1,062	1,062
Cash and bank	604	–	1,109	104	525	1,109
Total current assets	59,591	–	2,190	59,091	2,292	2,190
TOTAL ASSETS	71,411	–	4,139	71,411	2,976	4,139
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity						
<i>Restricted equity:</i>						
Share capital	2,192	–	750	2,192	500	750
Not registered new share issue	–	–	–	–	1,560	–
Restricted reserves/share premium reserve	71,812	–	4,250	71,812	1,500	4,250
<i>Unrestricted equity:</i>						
Retained earnings	- 1,458	–	- 567	- 1,458	- 567	- 567
Net result	- 3,042	–	- 891	- 3,042	- 592	- 891
Total shareholders' equity	69,505	–	3,542	69,505	2,401	3,542
Current liabilities						
Accounts payable	486	–	106	486	406	106
Other current liabilities	1,075	–	–	1,075	2	–
Accrued expenses	345	–	491	345	167	491
Total current liabilities	1,906	–	597	1,906	575	597
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	71,411	–	4,139	71,411	2,976	4,139
Pledged assets	–	–	–	–	–	–
Contingent liabilities	2,452	–	2,452	2,452	–	2,452

Statement of changes in equity

Group

TSEK	Share capital	Restricted Reserves	Retained Earnings	Net Result
Balance at 1 January 2003	–	–	–	–
Transfer of prior year net result	–	–	–	–
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	–	6,000	–	–
Net result	–	–	–	- 3,042
Balance at 30 Sep 2004	2,192	71,812	- 1,458	- 3,042

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	–	6,000	–	–
Net result	–	–	–	- 3,042
Balance at 30 Sep 2004	2,192	71,812	- 1,458	- 3,042

Cash Flow Statement

TSEK	Group*			Parent Company				
	1 Jan	1 Jul	1 Jan	1 Jan	1 Jul	1 Jan	1 Jul	1 Jan
	2004 –	2004 –	2003 –	2004 –	2004 –	2003 –	2003 –	2003 –
	30 Sep	30 Sep	31 Dec	30 Sep	30 Sep	30 Sep	30 Sep	31 Dec
	2004	2004	2003	2004	2004	2003	2003	2003
	9 months	3 months	12 months	9 months	3 months	9 months	3 months	12 months
Cash flow from operations								
Net result	- 3,042	- 689	- 891	- 3,042	- 689	- 592	- 357	- 891
Adjustment for depreciation and other non cash related items	25	18	6	25	18	6	4	6
Total cash flow used in operations before change in working capital	- 3,017	- 671	- 885	- 3,017	- 671	- 586	- 353	- 885
Increase in receivables	- 2,026	- 1,125	- 9	- 2,026	- 1,125	- 694	- 640	- 9
Increase in liabilities	1,309	- 3,500	412	1,309	- 3,500	391	217	412
Cash flow from/used in operations	- 3,734	- 5,297	- 482	- 3,734	- 5,297	- 889	- 776	- 482
Investment activity								
Investment in oil and gas properties	- 9,797	- 2,780	- 1,529	1,196	8,213	- 282	- 221	- 826
Investment in financial assets	-	-	-	- 11,493	- 10,993	-	-	- 703
Investment in other fixed assets	- 99	- 83	- 41	- 99	- 83	- 24	- 24	- 41
Cash flow used for investment activity	- 9,896	- 2,863	- 1,570	- 10,396	- 2,863	- 306	- 245	- 1,570
Financing activity								
Share issue	69,005	- 312	3,000	69,005	- 312	1,560	1,560	3,000
Cash flow from financing activity	69,005	- 312	3,000	69,005	- 312	1,560	1,560	3,000
Period cash flow	55,374	- 8,472	948	54,875	- 8,472	365	539	948
Cash and bank at the beginning of the period	2,171	66,017	1,223	2,171	65,517	1,223	1,048	1,223
Cash and bank at the end of the period	57,545	57,545	2,171	57,046	57,045	1,588	1,588	2,171

* The Tethys Oil Group was established 1 October 2003 which is why no tables are presented for the previous year for the Group.

Key Ratios

TSEK	Group			Parent Company				
	1 Jan 2004 – 30 Sep 2004	1 Jul 2004 – 30 Sep 2004	1 Jan 2003 – 31 Dec 2003	1 Jan 2004 – 30 Sep 2004	1 Jul 2004 – 30 Sep 2004	1 Jan 2003 – 30 Sep 2003	1 Jul 2003 – 30 Sep 2003	1 Jan 2003 – 31 Dec 2003
	9 months	3 months	12 months	9 months	3 months	9 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.	n.a.	n.a.	n.a.	n.a.
Operating result, TSEK	- 3,469	- 1,094	- 934	- 3,469	- 1,094	- 635	- 259	- 934
Operating margin, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Result before tax, TSEK	- 3,042	- 689	- 891	- 3,042	- 689	- 592	- 231	- 891
Net result, TSEK	- 3,042	- 689	- 891	- 3,042	- 689	- 592	- 231	- 891
Net margin, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shareholders' equity, TSEK	69,505	69,505	3,542	69,505	69,505	2,401	2,401	3,542
Balance sheet total, TSEK	71,411	71,411	4,139	71,411	71,411	2,976	2,976	4,139
Capital structure								
Solvency, %	97.33	97.33	85.58	97.33	97.33	80.67	80.67	85.58
Leverage ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted equity ratio, %	97.33	97.33	85.58	97.33	97.33	80.67	80.67	85.58
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	9,896	2,863	1,570	10,396	2,863	306	245	1,570
Profitability								
Return on shareholders' equity, %	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Return on capital employed, %	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Key figures per employee								
Average number of employees	2.3	3	0	2.3	3	0	0	0
Number of shares								
Number of shares on balance day, thousands	4,385	4,385	1,500	4,385	4,385	1,000	1,000	1,500
Shareholders' equity per share, SEK	15.85	15.85	2.40	15.85	15.85	2.40	2.40	2.40
Weighted number of shares on balance day, thousands	3,476	4,385	1,003	3,479	4,385	1,000	1,000	1,003
Earnings per share, SEK	- 0.87	- 0.16	- 0.89	- 0.87	- 0.16	- 0.59	- 0.23	- 0.89

* 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 30 September 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 interest-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.

Financial Information

The Company plans to publish the following financial reports:

Year end result 2004 (January – December 2004) on 15 February 2005

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

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

Nine months report (January – September 2004) on 3 November 2004

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

Stockholm, 5 November 2004

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 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

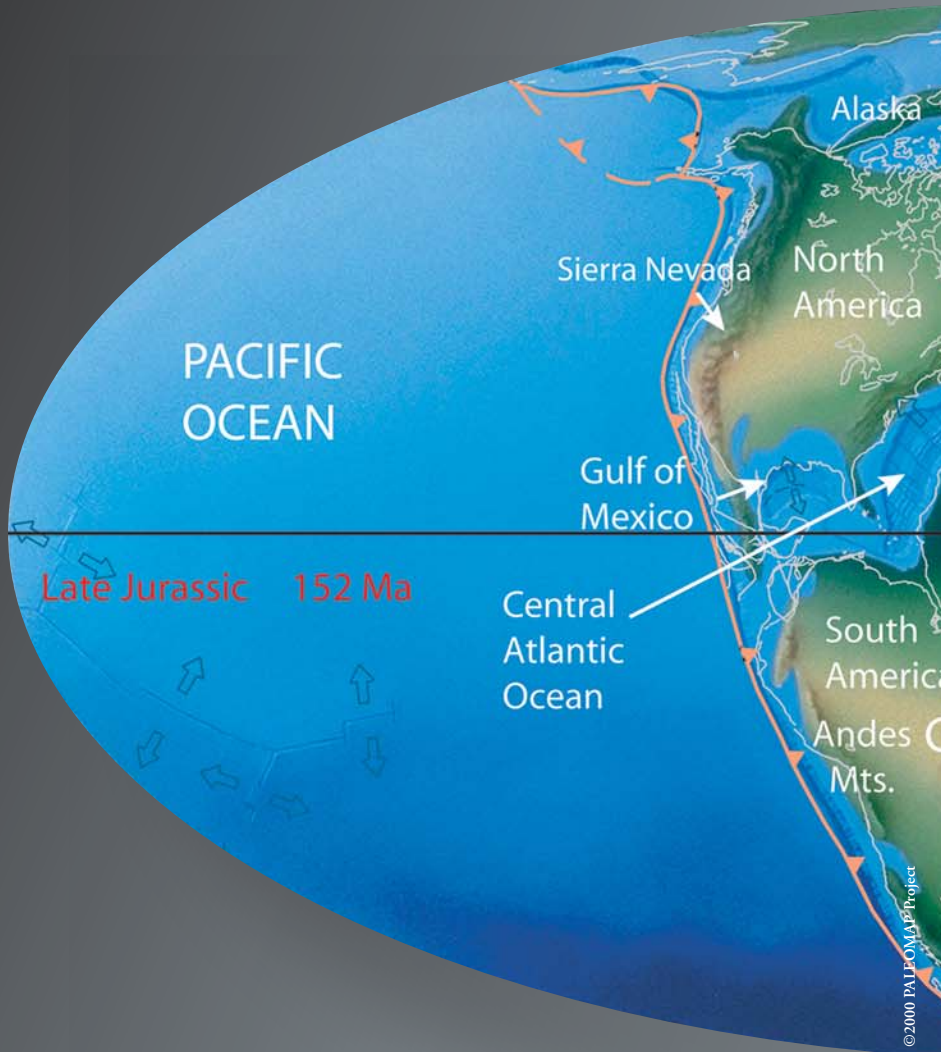
Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental 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.



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