



TETHYS OIL

Tethys Oil AB (publ)

Report for the period 1 January 2004 – 31 March 2004

Highlights

Net result for the first 3 months ended 31 March 2004 was TSEK -509 (TSEK -15).

Earnings per share SEK -0.31 (SEK -0.01) for the first quarter of 2004.

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

Tethys Oil decided to conduct an IPO which was successfully completed raising MSEK 75 before issue costs.

A review of the Hoto license in Turkey was completed in April, hereby Tethys Oil received a 10 percent interest and intends to increase interest share to 45 percent by funding 60 percent of an exploration well.

In license 1/02 in Denmark, Tethys Oil and partners proposed during April to the Operating Committee to request the seismic commitment under the first phase of the license be waived and to enter into the second phase which includes a well commitment.

In Spain the Basconillos-H exploration license application was awarded in April, whereby Tethys Oil has an indirect 50 percent interest through the operator Northern Petroleum.

Letter to shareholders

Friends and investors,

Tethys Oil AB finished the first quarter of 2004 as a public company. An IPO was successfully completed in late March, raising MSEK 75 to Tethys Oil before issue costs and on 6 April 2004 the shares of Tethys Oil started trading on Nya Marknaden in Stockholm, with Kaupthing Bank as sponsor. Needless to say the IPO process was by far the most important item for Tethys Oil during the first quarter of 2004. Through the completion of the share issue and the conducted IPO, Tethys Oil is now in a position where the company can fund the ongoing work programs including the planned drilling of three exploration wells during the next three years.

In April, we took a large step forward towards the first of these, the drilling of an exploration well in Turkey, when the geological and geophysical study over the Hoto license was completed. The study confirmed the prospectivity of the area and together with our partner, Aladdin Middle East Ltd, Tethys Oil should participate in the spud of its first exploration well before the end of the current quarter.

The money raised will also allow Tethys Oil to pursue additional licenses and to implement its planned systematic study of European oil and gas opportunities. From the world around us we note with encouragement that oil prices remain at relatively high levels resulting in high activity in the exploration and production sector. Politically we note with strong satisfaction the enlargement of the European Union which we are convinced will result in a number of good business opportunities for Tethys Oil.

We have been a publicly traded company for less than a month but after the improved cash position from the share issue Tethys Oil should have all the necessary ingredients to create a small (to start with), aggressive and innovative oil company. And we will do our utmost to deliver results and create shareholder value for our investors.

Stockholm, 5 May 2004

Magnus Nordin
Managing Director

Operations

Overview

| Country | Areas | Tethys Oil, % | Total area km ² | Operator |
|-------------------|---------------|------------------|----------------------------|---------------------------|
| Denmark | License 1/02 | 70% | 533 | Tethys Oil |
| | License 1/03 | 70% | 1,655 | Tethys Oil |
| Spain | La Lora | 22.5% | 106 | Northern Exploration Ltd. |
| | Valderredible | 50% ¹ | 241 | Northern Exploration Ltd. |
| | Huermeces | 50% ¹ | 121 | Northern Exploration Ltd. |
| | Basconillos | 50% ¹ | 194 | Northern Exploration Ltd. |
| Turkey | Hoto | 10% - 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 descend to 40 percent at the lowest.

Denmark

License 1/02

The technical committee consisting of Tethys Oil and partners, DONG and Odin Energy, have proposed to the Operating Committee Meeting for the license that on technical grounds it is not necessary to conduct the seismic commitment according to the first phase of the license agreement. It is instead proposed that the Operative Committee should decide to enter into the second phase of the license agreement, where an exploration well is included and propose to the authorities that the seismic commitment according to the first phase should be waived. A decision by the Operating Committee is expected in May.

License 1/03

Tethys Oil and partners, DONG and Odin Energy, have agreed the terms for the operation of the license and a Joint Operating Agreement will be signed shortly. Tethys Oil

and partners have also agreed a work program and a budget for the first phase of the license, which runs for two years. The work program includes reprocessing of existing seismic data as well as a surface geochemical survey.

Spain

La Lora

Production in La Lora has continued at an average production rate of between 130 and 140 barrels a day. The production is treated as incidental oil production. Any profit or loss is taken directly to the balance sheet in accordance with Tethys Oil's accounting principles. On the technical side focus for the quarter has been on interpretation of 3D seismic data over the field and to correlate this with existing wells. According to the operator the work was still ongoing at the end of the reporting period.

Basconcillos-H

The Basconcillos-H explorations license application was awarded in April, and Tethys Oil hereby received an indirect 50 percent interest in this interesting license south east of the Ayoluengo field.

Huermeces

Interpretation of the seismic data has been completed and data from the wells Hontomin 1, 2 & 3 is currently being digitalised to allow for a detailed modern log analysis. This will provide an indication of the reservoir thickness and quality which will then be used to generate prospect reserve potential.

Valderredible

Interpretation of existing seismic data is ongoing. Data from the wells Huidobro 1 & 2 and will also be digitalised to allow for similar processing as for Huermeces.

Turkey

Tethys Oil has conducted studies and reviews of the Hoto license. Included in the study is:

- Geological correlations of 7 wells around the prospect, including 2 from nearby fields
- Structural interpretation from 11 seismic lines around prospect, 45 kilometres total
- Seismic mapping in time of top Cretaceous reservoir followed by a depth conversion
- Reservoir analysis of 6 well logs from nearby wells

The conclusions drawn from the above mentioned studies are:

- Petroleum geology of the license is the same as nearby producing oil fields, identical source rocks, reservoirs, depth, structural style and history.
- The Hoto prospect is a high fault block separated from Kurkan and Sincan fields by one low fault block.
- The prospect appears to have both simple 4-way dip closure and fault closure as mapped on the 11 seismic lines.
- There are two reservoirs in the area, both Cretaceous carbonates of the Mardin formation. A core from the nearest well, Elif-1, was oil saturated in part of this formation.

Through funding and conducting the study Tethys Oil has fulfilled the work commitment to earn an interest of 10 percent in the Hoto license from the current license holder and operator Aladdin Middle East Ltd (AME).

Based on the review Tethys Oil concludes that the prospectivity of the license is confirmed. Tethys Oil will therefore agree to earn an additional 35 percent interest in the license by funding 60 percent of an exploration well subject to finalisation of a Joint Operating Agreement with AME.

Tethys Oil will establish a Branch Office in Turkey and start well preparations with the operator as soon as the Joint Operating Agreement has been finalised, with a view to begin drilling an exploration well on the license before the end of the current quarter.

Result and Cash Flow

The consolidated financial statements of the Tethys Oil Group (Tethys Oil) are presented by the board of directors for the three month period ended 31 March 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 31 March 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 three month period of 2004 of TSEK -509 (TSEK -15) representing earnings per share (no dilution exists) of SEK -0.31 (SEK -0.01) for the first three month period of 2004. There is no dilution of shares in Tethys Oil. Cash flow from operations before changes in working capital for the first three month period of 2004 amounted to TSEK -506 (TSEK -14).

The net result for the first quarter 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 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 have 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 -528 (TSEK -21) for the first three month period of 2004. Depreciation amounted to TSEK 3 (TSEK 1) for the three month period ending 31 March 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 March 2004 amounted to TSEK 2,225 (TSEK 384) of which TSEK 2,162 (TSEK 370) relates to oil and gas properties. Oil and gas properties in Denmark amounted to TSEK 873 (370), in Spain TSEK 1,128 (nil), Turkey TSEK 118 (nil) and other TSEK 43 (nil). Development and exploration expenditure of TSEK 263 (nil) was incurred for the three month period ended 31 March 2004 including Denmark of TSEK 263, Spain of TSEK nil and Turkey of TSEK nil. Investments in the Danish licenses for the first quarter of 2004 have mainly been license fees and registration costs for license 1/03 as well as geological and geophysical studies of license 1/02. 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 16 (nil) and are referable to investments in computers, phones etc.

Liquidity and financing

Cash and bank as at 31 March 2004 amounted to TSEK 60,272 (TSEK 156). Short-term investments as at 31 March 2004 amounted to TSEK 1,032 (TSEK 1,016). The short-term investments are investments in mutual bond funds with short durations. On 27 February 2004 the AGM decided to issue a minimum of 2,308,000 and a maximum of 2,884,800 new shares, each with a nominal value of SEK 0.50. On 4 March 2004 the price per share for the IPO was set at SEK 26. The acceptance period for the offer ended on 26 March 2004 and the offering was successfully completed on 29 March 2004 with 2,884,800 new shares taken up, resulting in proceeds of MSEK 75 before issue costs. The issue costs

are estimated to amount to approximately TSEK 5,750. The share issue was registered on 1 April 2004. Of the proceeds from the share issue, TSEK 60,008 is per the balance sheet day included in cash and bank. The remaining part of the share issue TSEK 9,487 is included in current receivables.

Current receivables

Current receivables amounted to TSEK 9,636 (TSEK 10) as at 31 March 2004. Current receivables are to a large extent referable to the IPO. In current receivables TSEK 9,487 of the share issue proceeds is included as at 31 March 2004.

Current liabilities

Current liabilities as at 31 March 2004 amounted to TSEK 878 (TSEK 147), of which TSEK 388 (TSEK 44) relates to accounts payable, TSEK 164 (TSEK 54) relates to other current liabilities and TSEK 326 (TSEK 50) relates to accrued expenses.

Parent company

The parent company reports a result amounting to TSEK - 509 (TSEK 15) for the three month period ended 31 March 2004. Costs of administration and depreciation amounted to TSEK - 528 (TSEK - 21). Net financial investments amounted to TSEK 20 (TSEK 6).

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 subsidiary Windsor Petroleum (Spain) Inc is part of the group. The Tethys Oil Group was established 1 October 2003.

Changes in company by laws

At the Extraordinary Meeting of shareholders on 9 February 2004 the name of the company was changed so as to include the suffix publ, the by laws were changed to include record date provision (sv. avstämningsförbehåll) and the nominal value was changed from SEK 1 to SEK 0.50 per share.

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. Of these share, the 2,884,800 newly issued shares were not registered as at 31 March 2004. All shares have one vote each. Tethys Oil does not have any incentive program.

Accounting principles

The three 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. Tethys Oil intends to participate in the drilling of an exploration well in Turkey with a planned spud date during the current quarter.

Subsequent Events

Following from the completion of the IPO the first day of trading was 6 April 2004 on Nya Marknaden. On 1 April 2004 the IPO share issue was registered and 2,884,800 were issued. After the new share issue the total number of shares in Tethys Oil is 4,384,800. The shares were issued at SEK 26 resulting in total proceeds of SEK 75,004,800 before issue costs. The issue costs are estimated to amount to approximately TSEK 5,750. After the IPO the number of shareholders in the company amounts to approximately 2,300.

On 27 April 2004 Tethys Oil was notified that the Basconcillos-H exploration license application was awarded, whereby Tethys Oil has an indirect 50 percent interest through the operator Northern Petroleum.

A review of the Hoto license has been completed and Tethys Oil has received a 10 percent interest and intends to increase interest share to 45 percent by funding 60 percent of an exploration well.

Tethys Oil has put in place a structure of Swedish subsidiaries to hold each license interest.

Income Statement

| TSEK | Group | | | Parent | | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 1 Jan 2004 – 31 Mar 2004 | 1 Jan 2003 – 31 Mar 2003 | 1 Jan 2003 – 31 Dec 2003 | 1 Jan 2004 – 31 Mar 2004 | 1 Jan 2003 – 31 Mar 2003 | 1 Jan 2003 – 31 Dec 2003 |
| | 3 months | 3 months | 12 months | 3 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 | - 528 | – | - 934 | - 528 | - 21 | - 934 |
| Operating result | - 528 | – | - 934 | - 528 | - 21 | - 934 |
| Interest income and similar items | 20 | – | - 43 | 20 | 6 | 43 |
| Interest expenses | – | – | - 0 | – | – | - 0 |
| Net financial investments | 20 | – | - 43 | 20 | 6 | 43 |
| Result before tax | - 509 | – | - 891 | - 509 | - 15 | - 891 |
| Tax | – | – | – | – | – | – |
| Net result | - 509 | – | - 891 | - 509 | - 15 | - 891 |
| Number of shares outstanding | 4,384,800 | – | 1,500,000 | 4,384,800 | 1,000,000 | 1,500,000 |
| Number of shares outstanding (after full dilution) | 4,384,800 | – | 1,500,000 | 4,384,800 | 1,000,000 | 1,500,000 |
| Weighted number of shares | 1,658,505 | – | 1,002,740 | 1,658,505 | 1,000,000 | 1,002,740 |
| Earnings per share | - 0.31 | – | - 0.89 | - 0.31 | - 0.01 | - 0.89 |
| Earnings per share (fully diluted)* | - 0.31 | – | - 0.89 | - 0.31 | - 0.01 | - 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 31 March 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 | | |
|---|------------------|------------------|-----------------------|------------------|------------------|-----------------------|
| | 31 March 2004 | 31 March 2003 | 31 Decem- ber 2003 | 31 March 2004 | 31 March 2003 | 31 Decem- ber 2003 |
| ASSETS | | | | | | |
| Tangible fixed assets | | | | | | |
| Oil and gas properties | 2,162 | – | 1,899 | 1,459 | 370 | 1,196 |
| Other fixed assets | 63 | – | 50 | 63 | 14 | 50 |
| Total tangible fixed assets | 2,225 | – | 1,949 | 1,522 | 384 | 1,246 |
| Financial assets | | | | | | |
| Shares in subsidiary | – | – | – | 703 | – | 703 |
| Total financial assets | – | – | – | 703 | – | 703 |
| Current assets | | | | | | |
| <i>Current receivables</i> | | | | | | |
| Other receivables | 9,507 | – | 19 | 9,507 | – | 19 |
| Prepaid expenses | 129 | – | – | 129 | 10 | – |
| <i>Short term investments</i> | | | | | | |
| Other short term investments | 1,032 | – | 1,062 | 1,032 | 1,016 | 1,062 |
| Cash and bank | 60,272 | – | 1,109 | 60,272 | 156 | 1,109 |
| Total current assets | 70,940 | – | 2,190 | 70,940 | 1,182 | 2,190 |
| TOTAL ASSETS | 73,166 | – | 4,139 | 73,166 | 1,566 | 4,139 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | | |
| Shareholders' equity | | | | | | |
| <i>Restricted equity:</i> | | | | | | |
| Share capital | 2,192 | – | 750 | 2,192 | 500 | 750 |
| Restricted reserves/share premium reserve | 72,062 | – | 4,250 | 72,062 | 1,500 | 4,250 |
| <i>Unrestricted equity:</i> | | | | | | |
| Retained earnings | - 1,458 | – | - 567 | - 1,458 | - 567 | - 567 |
| Net result | - 509 | – | - 891 | - 509 | - 15 | - 891 |
| Total shareholders' equity | 72,288 | – | 3,542 | 72,288 | 1,418 | 3,542 |
| Current liabilities | | | | | | |
| Accounts payable | 388 | – | 106 | 388 | 44 | 106 |
| Other current liabilities | 164 | – | – | 164 | 54 | – |
| Accrued expenses | 326 | – | 491 | 326 | 50 | 491 |
| Total current liabilities | 878 | – | 597 | 878 | 147 | 597 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 73,166 | – | 4,139 | 73,166 | 1,566 | 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 |
| Paid/not registered share issue | 1,442 | 73,562 | - | - |
| Estimated issue costs | - | 5,750 | - | - |
| Net result | - | - | - | - 509 |
| Balance at 31 March 2004 | 2,192 | 72,062 | - 1,458 | - 509 |

Parent

| 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 |
| Paid/not registered share issue | 1,442 | 73,562 | - | - |
| Estimated issue costs | - | 5,750 | - | - |
| Net result | - | - | - | - 509 |
| Balance at 31 March 2004 | 2,192 | 72,062 | - 1,458 | - 509 |

Cash Flow Statement

| TSEK | Group | | | Parent | | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 1 Jan 2004 – 31 Mar 2004 | 1 Jan 2003 – 30 Mar 2003 | 1 Jan 2003 – 31 Dec 2003 | 1 Jan 2004 – 31 Mar 2004 | 1 Jan 2003 – 30 Mar 2003 | 1 Jan 2003 – 31 Dec 2003 |
| | 3 months | 3 months | 12 months | 3 months | 3 months | 12 months |
| | | | | | | |
| Cash flow from operations | | | | | | |
| Net result | - 509 | - | - 891 | - 509 | - 15 | - 891 |
| Adjustment for depreciation and other non cash related items | 3 | - | 6 | 3 | 1 | 6 |
| Total cash flow from operations before change in working capital | - 506 | - | - 885 | - 506 | - 14 | - 885 |
| Increase in receivables | - 130 | - | - 9 | - 130 | - | - 9 |
| Increase in liabilities | 281 | - | 412 | 281 | - 37 | 412 |
| Cash flow from operations | - 355 | - | - 482 | - 355 | - 51 | - 482 |
| Investment activity | | | | | | |
| Investment in oil and gas properties | - 263 | - | -1,529 | - 263 | - | - 826 |
| Investment in financial assets | - | - | - | - | - | - 703 |
| Investment in other fixed assets | - 16 | - | - 41 | - 16 | - | - 41 |
| Cash flow from investment activity | -280 | - | - 1,570 | -280 | - | - 1,570 |
| Financing activity | | | | | | |
| Share issue | 59,768 | - | 3,000 | 59,768 | - | 3,000 |
| Cash flow from financing activity | 59,768 | - | 3,000 | 59,768 | - | 3,000 |
| Period cash flow | 59,133 | - | 948 | 59,133 | - 51 | 948 |
| Cash and bank at the beginning of the period | 2,171 | - | 1,223 | 2,171 | 1,223 | 1,223 |
| Cash and bank at the end of the period | 61,304 | - | 2,171 | 61,304 | 1,172 | 2,171 |

Key Ratios

| | Group | | | Parent | | |
|---|---|---|--|---|---|--|
| | 1 Jan 2004 – 31 Mar 2004 3 months | 1 Jan 2003 – 30 Mar 2003 3 months | 1 Jan 2003 – 31 Dec 2003 12 months | 1 Jan 2004 – 31 Mar 2004 3 months | 1 Jan 2003 – 30 Mar 2003 3 months | 1 Jan 2003 – 31 Dec 2003 12 months |
| Gross margin before extraordinary items, TSEK | n.a. | – | n.a. | n.a. | n.a. | n.a. |
| Operating result | - 528 | – | - 934 | - 528 | - 20 | - 934 |
| Operating margin, % | n.a. | – | n.a. | n.a. | n.a. | n.a. |
| Result before tax, TSEK | - 509 | – | - 891 | - 509 | - 14 | - 891 |
| Net result, TSEK | -509 | – | - 891 | -509 | -14 | - 891 |
| Net margin, % | n.a. | – | n.a. | n.a. | n.a. | n.a. |
| Shareholders' equity, TSEK | 72,288 | – | 3,542 | 72,288 | 1,419 | 3,542 |
| Balance sheet total | 73,166 | – | 4,139 | 73,166 | 1,566 | 4,139 |
| Capital structure | | | | | | |
| Solvency, % ¹ | 98.8 | – | 85.6 | 98.8 | 90.6 | 85.6 |
| Leverage ratio, % | 0.0 | – | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjusted equity ratio, % | 98.8 | – | 85.6 | 98.8 | 90.6 | 85.6 |
| Interest coverage ratio, % | n.a. | – | n.a. | n.a. | n.a. | n.a. |
| Investments, TSEK ⁵ | 280 | – | 1,570 | 280 | – | 1,570 |
| Profitability | | | | | | |
| Return on shareholders' equity, % | neg. | – | neg. | neg. | neg. | neg. |
| Return on capital employed, % | neg. | – | neg. | neg. | neg. | neg. |
| Key figures per employee | | | | | | |
| Average number of employees | 1 | – | 0 | 1 | 0 | 0 |
| Number of shares | | | | | | |
| Number of shares on balance day, thousands | 4,385 | – | 1,500 | 4,385 | 1,000 | 1,500 |
| Shareholders' equity per share, SEK | 16.5 | – | 2.4 | 16.5 | 1.4 | 2.4 |
| Weighted number of shares on balance day, thousands | 1,659 | – | 1,003 | 1,659 | 1,000 | 1,003 |
| Earnings per share, SEK | -0.31 | – | - 0.89 | -0.31 | - 0.01 | - 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 31 March 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 |
| MMBOPD | 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 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:

Six months report (January – June 2004) on 16 August 2004

Nine months report (January – September 2004) on 5 November 2004

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

Three months report (January – March 2005) on 5 May 2005

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

Stockholm, 5 May 2004

Magnus Nordin, Managing Director

Corporate Head Office

Hovslagargatan 5
SE-111 48 Stockholm
Sweden
Telephone +46 8 545 074 75
Fax +46 8 440 54 59
E-mail: info@tethysoil.com

Technical Office

4 Rue de Rive, 5th fl.
CH-1204 Geneva
Switzerland
Telephone +41 22 318 86 00
Fax +41 22 318 86 09
E-mail: info@tethysoil.com