Tethys Oil AB (publ)

Year end report 1 January 2005 – 31 December 2005

- **In Denmark license 1/02, an agreement concerning drill pad construction has been signed. An exploration well is planned for first half of 2006**

- **French government has awarded Tethys a 40 percent interest in an exploration permit in Paris basin**

- **Gravimetrical field work has commenced on the Bouanane license in Morocco**

- **Tethys Oil has signed a farm-in agreement with Aladdin Middle East regarding two onshore exploration licenses in Thrace, Turkey. The licenses cover an area of 897 square kilometres and seismic work is planned for 2006**

- **As of 31 December 2005 there have been no sales of oil and gas in Tethys Oil, nor for the equivalent period of last year**

- **Net result for the twelve months of 2005 amounted to TSEK – 14,368 (TSEK – 5,062 for the corresponding period last year) and TSEK – 1,901 (TSEK – 2,020) for the fourth quarter of 2005**

- **Earnings per share amounted to SEK – 3.28 (SEK – 1.37) for the twelve months of 2005 and SEK – 0.43 (SEK – 0.46) for the fourth quarter of 2005**

- **Liquid funds as per 31 December 2005 amount to TSEK 41,102 (TSEK 54,037)**

Tethys Oil AB (publ)

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, France, Spain and Turkey, a production license in Spain, and a reconnaissance license in central Morocco. The company is actively aiming to hold a well balanced portfolio of oil and natural gas interests, in different development stages.

OPERATIONS

Overview
Tethys Oil has interests in exploration licenses in Denmark, France, Spain and Turkey, a production license in Spain and a reconnaissance license in Morocco.

Country	License areas	Tethys Oil, %	Total area, km²	Operator	Investments 12 months 2005, TSEK	Investments fourth quarter 2005, TSEK	Book value 31 December 2005, TSEK
Denmark	License 1/02 License 1/03	70% 70%	533 1,655	Tethys Oil Denmark Tethys Oil Denmark	3,412	772	5,119
France	Attila	40%	1,986	Galli Coz S.A.	690	178	690
Morocco	Bouanane	50%	2,100	Tethys Oil	544	259	553
Spain	La Lora Valderredible Huermeces Basconcillos	22.5%[1] 50%[2] 50%[2] 50%[2]	106 241 121 194	Ascent Resources Plc. Ascent Resources Plc. Ascent Resources Plc. Ascent Resources Plc.	33	- 151	3,152
Turkey	Ispandika Thrace	10% - 45% 25%	965 897	Aladdin Middle East Ltd. Aladdin Middle East Ltd.	615	245	727
New ventures					1,125	155	1,162
Total			**8,798**		**6,420**	**1,458**	**11,404**

Denmark
License 1/02
During 2005, activity in Denmark gradually increased, and Tethys has moved closer to the drilling of the company's first exploration well in Denmark. Preparations for the Karlebo-1 well continued during the fourth quarter of 2005, and in January 2006 a contract for the construction of the drilling site was signed. The first phase of the tendering for a rig has been finalized, and a shortlist of contractors has been established. Already completed in earlier quarters, casing has been received and tendering for other long-lead items is in progress. A public meeting, originally scheduled for late January, has on the initiative of the Karlebo Municipality been moved forward, closer to the spudding date of the well. In the meantime, the constructive dialogue with the Karlebo authorities has continued, and a meeting was held in January 2006. Tethys expects to be able to drill the well during the first half of 2006. According to the license from the Danish Energy Authority the well must be completed and evaluated before the end of 2006.

License 1/03
The surface geochemical survey of license 1/03 over onshore Jutland in Denmark was finalized during the last quarter of 2005. The survey can detect even minute quantities of hydrocarbon gasses in the soil. The interpretation of the data will now be initiated. Positive results from this study would indicate the presence of an active petroleum system working in the area.

Turkey
Ispandika
The Ispandika license in Turkey is at the top end concerning risk in Tethys' project portfolio. Ispandika, in south-eastern Turkey close to Syria and Iraq, is located in an area with potential for very large discoveries. A successful

[1] Beneficial 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.

exploration well here could be quite significant. On the other hand, the geological uncertainties of the area, coupled with the high cost of drilling, increase the risk to an unacceptable level. Hence, to limit risk and costs a decision to launch a farm out campaign was made. Together with Tethys' Turkish partner, preparations for the setup of a virtual computer room are underway. The cost of conducting a farm out campaign has dropped significantly with the communications possibilities offered by the Internet. This virtual data room will offer potential partners easy access to data for evaluation at a low cost.

Thrace: Licenses AR/AME/3998 and 3999
During the third quarter, Tethys announced an agreement regarding two onshore exploration licenses in Thrace, in the north-western and European part of Turkey close to Bulgaria and Greece. By funding a seismic programme up to a maximum of USD 415,000, Tethys will earn a 25 percent interest in the licenses. Aladdin Middle East is the operator, and the UK oil and gas company JKX Oil & Gas Plc. has farmed-in to the same licenses under the same conditions as Tethys.

The licenses cover 897 square kilometres and are located in the middle of the Thrace basin. The target formations are Tertiary sands which produce gas from a number of fields in Thrace. Two strong leads have been identified within the license area, but additional seismic is required to confirm the presence of a drillable prospect. The seismic programme will commence during the summer of 2006 and a first exploration well may be drilled in 2007.

Spain
The production in the Ayoluengo oil field remains small and unless new investments are made into the field, production will continue to slowly decline. The decline is however offset by higher oil prices and a small positive cash contribution was achieved for the full year 2005. However, following the overall disappointing results from the field, Tethys has sought other projects in the area and has, in this regard, signed an agreement with one of its partners in the Ayoluengo field, La Lora Concession, for an exchange of license interests. In return for its 22.5 percent beneficial interest in La Lora Tethys will receive a 20 percent working interest in an existing exploration license elsewhere in Spain. This exchange of interest is subject to that license being granted an extension by the government, and the approval of license partners. This exploration license contains a large natural gas prospect that has considerable potential for the company. Until all conditions of the exchange have been satisfied, Tethys keeps its interest in the field. The new operator has indicated that new investment proposals may be forthcoming. If so, Tethys will consider such proposals when accessing its overall strategy for Spain.

The new operator for the exploration blocks, Ascent Resources Plc, and Tethys are discussing an increased work programme in the Huermeces, Valderredible and Basconcillos exploration licenses which could include the drilling of one to two exploration well during 2006.

France
During February 2006, Tethys Oil announced the final award by the French Government of the Attila exploration license in France. The Attila License covers 1,986 square kilometres of the Department of Meuse in north-eastern France, about 250 kilometres east of Paris. Tethys has a 40 percent interest in the license with private French oil company Galli Coz S.A. having 60 percent and operatorship.

The Attila license area is located in the eastern part of the oil and gas producing Paris basin adjacent to the Gaz de France operated Trois – Fontaines natural gas field. The license is valid for a period of five years and has a financial work commitment of €1,162,000, of which Tethys' share amounts to €520,000.

Technical work has already started. To identify fault trends, satellite and radar data was acquired and analyzed. Existing seismic data of 180 kilometres has been reprocessed. Geochemical surface samples have been collected and analyzed, confirming the prospectivity of the area. Next the seismic data will be interpreted and mapped on a computer workstation.

Morocco
In July 2005, Tethys was awarded a one year reconnaissance license in Bouanane, covering an area of 2,100 square kilometres in an exploration area in eastern Morocco. This area is recognized to be prone for natural gas. The license gives Tethys, as operator with a 50 percent interest, the exclusive right for one year to investigate the license area and grants Tethys the right during this time to elect to convert the license into a regular eight year

exploration license on terms and conditions to be negotiated. The exploration license will automatically become a production license in case of successful exploration.

The work programme is focused on the Tafejjart prospect. This large geologic structure has been identified on existing seismic data. Currently, Tethys is compiling a database of all regional technical data, including satellite photo and radar data. As part of the required work programme, over 400 kilometres of 2D seismic is being reprocessed. In order to define the depth and extent of the Tafejjart prospect, gravity and magnetic data over an area of 900 square kilometres will be acquired. This field work commenced in early February 2006.

RESULT AND CASH FLOW

The consolidated financial statements of the Tethys Oil Group (Tethys Oil), where Tethys Oil AB (publ) with organisational number 556615-8266 is the parent company, are hereby presented for the twelve month period ended 31 December 2005 by the Board of Directors and the Managing Director. 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 December 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 2005 of TSEK – 14,368 (TSEK – 5,062 for the corresponding period last year) and TSEK – 1,901 (TSEK – 2,020) for the fourth quarter of 2005, representing earnings per share of SEK – 3.28 (SEK – 1.37) for the full year and SEK – 0.43 (SEK – 0.46) for the fourth quarter. Write downs of oil and gas properties of TSEK 8,412 was made during 2005 and has negatively affected the result for the full year of 2005. The write downs mainly regard Hoto in Turkey. Cash flow from operations before changes in working capital for 2005 amounted to TSEK – 5,315 (TSEK – 4,577) and TSEK – 1,652 (TSEK – 1,560) for the fourth quarter.

The net result for 2005 has not been significantly impacted by net foreign exchange losses or gains.

There have been no sales or production of oil and gas for the twelve month period ended 31 December 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 no commercial production has started.

Costs of administration and depreciation

Costs of administration and depreciation amounted to TSEK – 6,609 (TSEK – 5,375) for 2005 and TSEK – 1,775 (TSEK – 1,906) for the fourth quarter. Depreciation amounted to TSEK 35 (TSEK 50) for the full year of 2005 and TSEK 13 (TSEK 25) for the fourth quarter. Costs of administration are mainly rents, salaries, office supplies and travel expenditures. These costs are corporate costs and are accordingly not capitalised. Depreciation in the income statement is referable to computers, phones etc.

Investments

Fixed assets as at 31 December 2005 amounted to TSEK 11,599 (TSEK 14,160) of which TSEK 11,404 (TSEK 14,002) relates to oil and gas properties. Oil and gas properties in Denmark amounted to TSEK 5,119 (TSEK 1,707), Spain TSEK 3,152 (TSEK 3,118), Turkey TSEK 727 (TSEK 8,897) and other TSEK 2,405 (TSEK 279). Expenditures for oil and gas properties of TSEK 7,077 (TSEK 12,538) was incurred for 2005 of which Denmark TSEK 4,069, Spain TSEK 33, Turkey TSEK 615 and other TSEK 2,359. Investments in oil and gas properties has mainly been drilling preparation in Denmark license 1/02, geochemical work in Denmark license 1/03 as well as investments in new venture areas.

Investments in other tangible fixed assets amounted during the period to TSEK 72 (TSEK 158) and are referable to investments in office equipment.

Liquidity and financing

Cash and bank as at 31 December 2005 amounted to TSEK 657 (TSEK 513). Short-term investments as at 31 December 2005 amounted to TSEK 40,445 (TSEK 53,525). The short-term investments are investments in mutual bond funds with short durations, less than three months from acquisition date.

Current receivables

Current receivables amounted to TSEK 2,133 (TSEK 905) as at 31 December 2005. To a large extent these are receivables due from partners in licenses.

Current liabilities

Current liabilities as at 31 December 2005 amounted to TSEK 2,458 (TSEK 2,359), of which TSEK 2,055 (TSEK 751) relates to accounts payable, TSEK 116 (TSEK 95) relates to other current liabilities and TSEK 286 (TSEK 1,513) relates to accrued expenses.

Parent company
The parent company reports a result amounting to TSEK – 12,391 (TSEK – 2,970) for 2005 and TSEK – 1,264 (TSEK 72) for the fourth quarter. Costs of administration and depreciation amounted to TSEK – 6,598 (TSEK – 5,375) for the full year of 2005 and TSEK – 1,764 (TSEK – 1,906) for the fourth quarter. Net financial income amounted to TSEK – 8,605 (TSEK 933) during 2005 and TSEK – 304 (TSEK 506) for the fourth quarter. Investments during 2005 amounted to TSEK 5,874 (TSEK 11,651). Investments are financial loans to subsidiaries for their oil and gas operations.

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

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

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. No reconciliations according to IFRS 1 between IFRS and previous GAAP have therefore been presented.

The twelve month period report of the Tethys Oil Group has been prepared in accordance with Swedish Financial Accounting Standards Council's recommendation 31 and IAS 34, Interim Financial Reporting and is covered by IFRS 1, First-time Adoption of International Financial Reporting Standards, since the report is the first financial year for the company prepared according to the principles of International Financial Reporting Standards, IFRS. This twelve 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 report and that are endorsed by the EU commission.

The twelve 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 and appraisal
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 basis. The change in method of impairment means that exploration costs are now measured on a field by field basis. If there is no decision to continue with a field specific exploration programme then the expenditure must be expensed. This will be evaluated continuously. For the current period the company has made write-offs of oil and gas properties based on such evaluations.

Financial instruments
Financial instruments are accounted for in accordance with IAS 32 and IAS 39. Financial instruments include securities, derivative instruments, receivables, liabilities and borrowings. Financial assets available-for-sale and derivative instruments are recognised at fair value where appropriate. Change in value of assets available-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. Receivables are recorded at amortised cost and using the interest method. Short-term investments as a financial asset designated at fair value to profit and loss and any changes in value affect income on a current basis. No effect on shareholders' equity arises at transition to IAS 39 on January 1, 2005 since the company has had no derivative instruments during 2004. There was no effect on the year of transition at 31 December 2004 or for the periods then ended, as a consequence no information is provided in this report.

Other fixed assets
All other fixed assets are carried at cost less depreciation. Expenditures for repairs and maintenance are recognised as costs. Subsequent 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 other 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.

There are no transition effects from previous GAAP to IFRS.

CONSOLIDATED INCOME STATEMENT

TSEK	1 Jan 2005 - 31 Dec 2005 12 months	1 Oct 2005 - 31 Dec 2005 3 months	1 Jan 2004 - 31 Dec 2004 12 months	1 Oct 2004 - 31 Dec 2004 3 months
Net sales of oil and gas	-	-	-	-
Depletion of oil and gas properties	-	-	-	-
Write off of oil and gas properties	-8,412*	-216	-435	-435
Other income	24	23	-	-
Administration and depreciation **	-6,609	-1,775	-5,375	-1,906
Operating result	**-14,998**	**-1,968**	**-5,810**	**-2,341**
Interest income and similar items	774	126	764	337
Interest expenses	-144	-59	-16	-16
Net financial income	**630**	**67**	**748**	**321**
Result before tax	**-14,368**	**-1,901**	**-5,062**	**-2,020**
Tax	-	-	-	-
Net result	**-14,368**	**-1,901**	**-5,062**	**-2,020**
Number of shares outstanding	4,384,800	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	4,384,800
Weighted number of shares ***	4,384,800	4,384,800	3,705,094	4,384,800
Earnings per share, SEK***	-3.28	-0.43	-1.37	-0.46
Earnings per share (after full dilution), SEK ***	-3.28	-0.43	-1.37	-0.46

** The write down of oil and gas properties mainly regards Hoto in Turkey.*
*** These costs regard corporate costs.*
**** 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 2:1. Historic numbers of shares and share related data have been adjusted accordingly. The number of shares at 31 December 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 Dec 2005	31 Dec 2004
ASSETS		
Fixed assets		
Oil and gas properties	11,404	14,002
Other fixed assets	195	158
Total fixed assets	**11,599**	**14,160**
Current assets		
Other receivables	1,681	766
Pre paid expenses	451	139
Short term investments		
Short term investments *	40,445	53,525
Cash and bank	657	513
Total current assets	**43,234**	**54,942**
TOTAL ASSETS	**54,833**	**69,102**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	2,192	2,192
Other contributed equity	71,071	71,071
Retained earnings	-20,888	-6,520
Total shareholders equity	**52,375**	**66,743**
Non interest bearing current liabilities		
Accounts payable	2,055	751
Other current liabilities	116	95
Accrued expenses	286	1,513
Total non interest bearing current liabilities	**2,458**	**2,359**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**54,833**	**69,102**
Pledged assets **	780	-
Contingent liabilities	14,527	14,527

* *The short term investments are investments in mutual bond funds with short durations, less than three months from acquisition date.*

** *Pledged assets of TSEK 780 regard a bank guarantee for operations in Morocco of TUSD 100.*

CONSOLIDATED CASH FLOW STATEMENT

TSEK	1 Jan 2005 - 31 Dec 2005 12 months	1 Oct 2005 - 31 Dec 2005 3 months	1 Jan 2004 - 31 Dec 2004 12 months	1 Oct 2004 - 31 Dec 2004 3 months
Cash flow from operations				
Net result	-14,368	-1,902	-5,062	-2,020
Adjustment for write down of oil and gas properties	8,412	216	435	435
Adjustment for depreciation and other non cash related items	640	35	50	25
Total cash flow used in operations before change in working capital	**-5,315**	**-1,651**	**-4,577**	**-1,560**
Increase in receivables	-1,228	-1,390	-886	1,140
Increase in liabilities	99	1,581	1,762	453
Cash flow from/used in operations	**-6,444**	**-1,460**	**-3,701**	**33**
Investment activity				
Investment in oil and gas properties	-6,420	-1,458	-12,538	-2,741
Investment in other fixed assets	-72	-63	-158	-59
Cash flow used for investment activity	**-6,491**	**-1,521**	**-12,696**	**-2,800**
Financing activity				
Share issue	-	-	68,263	-742
Cash flow from/used in financing activity	**-**	**-**	**68,263**	**-742**
Period cash flow	**-12,936**	**-2,981**	**51,866**	**-3,509**
Cash and bank at the beginning of the period *	54,037	44,083	2,171	57,545
Cash and bank at the end of the period *	41,102	41,102	54,037	54,037

** Presented as cash and bank and short term investments in the balance sheet.*

PARENT COMPANY INCOME STATEMENT CONDENSED

TSEK	1 Jan 2005 - 31 Dec 2005 12 months	1 Oct 2005 - 31 Dec 2005 3 months	1 Jan 2004 - 31 Dec 2004 12 months	1 Oct 2004 - 31 Dec 2004 3 months
Net sales of oil and gas	-	-	-	-
Depletion of oil and gas properties	-	-	-	-
Write off of oil and gas properties	-	-	-	-
Other income	2,812	804	1,472	1,472
Administration and depreciation	-6,598	-1,764	-5,375	-1,906
Operating result	**-3,786**	**-960**	**-3,903**	**-434**
Interest income and similar items	1,226	226	948	521
Interest expenses	-139	-56	-16	-16
Write down of shares in group company	-9,692	-474	-	-
Net financial income	**-8,605**	**-304**	**933**	**506**
Result before tax	**-12,391**	**-1,264**	**-2,970**	**72**
Tax		-	-	-
Net result	**-12,391**	**-1,264**	**-2,970**	**72**
Number of shares outstanding	4,384,800	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	4,384,800
Weighted number of shares *	4,384,800	4,384,800	3,705,094	4,384,800
Earnings per share, SEK *	-2.83	-0.29	-0.80	0.02
Earnings per share (after full dilution), SEK *	-2.83	-0.29	-0.80	0.02

PARENT COMPANY BALANCE SHEET CONDENSED

TSEK	31 Dec 2005	31 Dec 2004
ASSETS		
Total tangible fixed assets	195	158
Total fixed financial assets	17,998	12,196
Total current assets	40,789	57,993
TOTAL ASSETS	**58,981**	**70,346**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	56,444	68,835
Total current liabilities	2,538	1,511
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**58,982**	**70,346**
Pledged assets **	780	-
Contingent liabilities	-	-

** 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 2:1. Historic numbers of shares and share related data have been adjusted accordingly. The number of shares at 31 December 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.*

*** Pledged assets of TSEK 780 regard a bank guarantee for operations in Morocco of TUSD 100.*

STATEMENT OF CHANGES IN EQUITY

Group

TSEK	Share capital	Other contributed equity	Retained earnings
Balance at 1 January 2004	750	4,250	- 1,458
Share issue	1,442	73,562	-
Issue costs	-	6,741	-
Net result	-	-	- 5,062
Balance at 1 January 2005	2,192	71,071	- 6,520
Period result first quarter 2005	-	-	- 1,147
Period result second quarter 2005	-	-	- 9,749
Period result third quarter 2005	-	-	- 1,571
Period result fourth quarter 2005	-	-	- 1,901
Balance at 31 December 2005	**2,192**	**71,071**	**- 20,888**

Parent

TSEK	Share capital	Other contributed equity	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
Period result first quarter 2005	-	-	-	- 1,136
Period result second quarter 2005	-	-	-	- 437
Period result third quarter 2005	-	-	-	- 9,555
Period result fourth quarter 2005	-	-	-	- 1,264
Balance at 31 December 2005	**2,192**	**71,071**	**- 4,428**	**- 12,391**

KEY RATIOS

Group

	1 Jan 2005 - 31 Dec 2005 12 months	1 Oct 2005 - 31 Dec 2005 3 months	1 Jan 2004 - 31 Dec 2004 12 months	1 Oct 2004 - 31 Dec 2004 3 months
Items regarding the income statement and balance sheet				
Operating result, TSEK	-14,998	-1,968	-5,810	-2,341
Operating margin, %	neg.	neg.	neg.	neg.
Result before tax, TSEK	-14,368	-1,901	-5,062	-2,020
Net result, TSEK	-14,368	-1,901	-5,062	-2,020
Net margin, %	neg.	neg.	neg.	neg.
Shareholders' equity, TSEK	52,375	52,375	66,743	66,743
Balance sheet total, TSEK	54,833	54,833	69,102	69,102
Capital structure				
Solvency, %	95.52%	95.52%	96.59%	96.59%
Leverage ratio, %	n.a.	n.a.	n.a.	n.a.
Adjusted equity ratio, %	95.52%	95.52%	96.59%	96.59%
Interest coverage ratio, %	n.a.	n.a.	n.a.	n.a.
Investments, TSEK	6,491	1,520	12,696	2,800
Profitability				
Return on shareholders' equity, %	neg.	neg.	neg.	neg.
Return on capital employed, %	neg.	neg.	neg.	neg.
Key figures per employee				
Average number of employees	3.5	4.0	2.5	3.0
Number of shares				
Dividend per share, SEK	n.a.	n.a.	n.a.	n.a.
Cash flow used in operations per share, SEK	neg.	neg.	neg.	neg.
Number of shares on balance day, thousands	4,385	4,385	4,385	4,385
Shareholders' equity per share, SEK	11.94	11.94	15.22	15.22
Weighted number of shares on balance day, thousands *	4,385	4,385	3,705	4,385
Earnings per share, SEK *	-3.28	-0.43	-1.37	-0.46

** 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 2:1. Historic numbers of shares and share related data have been adjusted accordingly. The number of shares at 31 December 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.*

FINANCIAL INFORMATION

The Company plans to publish the following financial reports:

Annual Report 2005 is expected to be available at Tethys Oil's office during March, 2006

Annual General Meeting on 4 May 2006

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

Six months report (January - June 2006) on 15 August 2006

Nine months report (January - September 2006) on 31 October 2006

Year end report (January - December 2006) on 15 February 2007

The financial information relating to the fourth quarter has not been subject to review by the auditors of the company.

Stockholm, 15 February 2006

Magnus Nordin
Managing Director

Addresses

TETHYS OIL

Corporate Head Office
Blasieholmsgatan 2A,
111 48 Stockholm
Sweden
Tel. +46 8 679 49 90
Fax +46 8 678 89 01
E-mail: info@tethysoil.com

Technical Office
4 Rue de Rive
CH-1204 Geneva
Switzerland
Tel. +41 22 318 86 00
Fax +41 22 318 86 09
E-mail: info@tethysoil.com

www.tethysoil.com