



Press Release

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TETHYS SIGNS FARMOUT AGREEMENT WITH MITSUI

Tethys Oil AB with its wholly owned subsidiary Tethys Oil Blocks 3 and 4 limited (“Tethys”) have entered into an agreement with Mitsui E&P Middle East B.V., a subsidiary of Mitsui & Co., Ltd., (“Mitsui”) whereby Mitsui will acquire a 20 per cent interest in Blocks 3 and 4 onshore Oman. The transaction is subject to Government approval.

After the Transaction Tethys will hold a 30 per cent interest in Blocks 3 and 4 with Mitsui holding 20 per cent and the operator Consolidated Contractors Energy Development (Oman) Ltd holding the remaining 50 per cent.

In consideration for the 20 per cent interest acquired from Tethys, Mitsui will upon closing of the transaction pay to Tethys USD 20 million cash, as well as undertake to fund Tethys share of non exploration related capital expenditure up to USD 60 million on Blocks 3 and 4 effectively from January 1st 2010. In addition Mitsui will pay to Tethys a production bonus amounting to USD 10 million in the event combined future production from the two Blocks come to exceed 10,000 barrels of oil per day.

“We are honoured and delighted to have entered into this agreement with one of the largest and most successful companies in the world. Mitsui will bring a wealth of knowledge, experience and expertise from the oil & gas sector in the Middle East region including Oman through its existing upstream assets (Oman Blocks 9, 27 and 54), LNG projects in Oman, Qatar and U.A.E. and crude oil marketing to bear upon Blocks 3 and 4. With the addition of Mitsui to the partner group the probability that the full potential of Blocks 3 and 4 will be realized has increased dramatically. And of course for Tethys this agreement is tremendously important in that in one stroke the foreseeable investment needs relating to Blocks 3 and 4 seem satisfied,” says Magnus Nordin, Managing Director of Tethys Oil AB.

For further information, please contact

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Tethys Oil AB (publ)

Tethys Oil is a Swedish energy company focused on identification and development for production of oil and natural gas assets. Tethys' core area is Oman, where the company is the second largest onshore oil and gas concession-holder with licence interests in three onshore blocks Tethys' strategy is to invest in projects in areas with known oil and natural gas discoveries that have not been properly appraised using modern technology. In this way, high returns can be achieved with limited risk.

The company has interests in licences in Oman, France and Sweden. The shares are listed on First North (TETY) in Stockholm. Remium AB is Certified Adviser.

Website: www.tethysoil.com

BACKGROUND

Blocks 3 and 4 (see map) are two large onshore licenses located in the desert of Central Oman. The Blocks contain a large number of oil discoveries and potential oil fields with conventional as well as heavy oils. Ongoing activities focus primarily on two areas – The Farha South discoveries on Block 3 and the Saiwan East discoveries on Block 4. The conventional oil discovered in Farha South is currently undergoing an appraisal program consisting of a comprehensive 3D seismic study and appraisal drilling. An early production System is also planned to enable a long term production test in order to assess the areas productivity. On Block 4 focus is on the Khufai conventional oil discovery where a 3D seismic study recently has been completed and appraisal drilling is currently ongoing. Above the Khufai reservoir a large accumulation of heavy oil within the Saiwan East structure is also being evaluated.

