



FOR IMMEDIATE RELEASE

2007 Annual Results and Operations Update

Monday, March 31, 2008 – St. Peter Port, Guernsey – Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL) today announced its Annual Results for the period ended December 31, 2007 and gave an update on current operations. The full Annual Results together with a Management Discussion & Analysis have been filed with the Canadian securities regulatory authorities. Tethys also announced that it has filed its Annual Information Form (“AIF”) which contains reserves data and other information about the Company for the period ended December 31, 2007, and the reports as mandated by National Instrument 51-101. Copies of the filed documents may be obtained via SEDAR at www.sedar.com or on Tethys' website at www.tethyspetroleum.com.

The Company, which became an independent entity following the successful IPO and listing on the Toronto Stock Exchange (“TSX”) in June 2007, recorded a net loss and comprehensive loss of US\$41.8 million for the year ended December 31, 2007 compared to a loss of US\$6.9 million for the same period in 2006. The 2007 loss included non-cash items of US\$17.9 million relating to the US GAAP required treatment of costs associated with the issue of share warrants and options and US\$1.9 million relating to the amortization of the discount associated with the US\$5 million loan that was repaid at the end of June 2007. An impairment adjustment of US\$12.8 million was also required under the US GAAP ceiling test which is calculated on proved reserves only at constant prices. Under Canadian GAAP an allowance would have been made for probable reserves and there would have been no need for the impairment adjustment.

Revenue generation did not commence until first gas production from the Company’s Kyzylloi gas field in Kazakhstan started in December 2007, and the Company had cash and cash equivalents (excluding a US\$3 million pre-payment for the forward shallow gas drilling program) of some US\$26.7 million at the end of December 2007. Regular monthly payments are currently being received from the gas buyer for gas supplied under the contract.

Highlights

- In June the Company successfully completed an IPO on the TSX raising gross proceeds of US\$50 million.
- In November the Company completed the construction of a 35 mile (56 km) gas pipeline from the Kyzylloi gas field to tie into the main Bukhara-Urals pipeline that carries gas from Central Asia through Kazakhstan and into the Russian export system.

- On December 19, 2007 gas commenced flowing from the Kyzylloi Field into the Bukhara-Urals pipeline generating the first revenue for the Company.
- The Company drilled 7 exploration and appraisal wells in the Akkulka Block in Kazakhstan of which 5 successfully tested gas.
- Gross Proved Natural Gas Reserves increased by 10% from 39.2 Billion Cubic Feet (Bcf) at March 31, 2007 to 43.2 Bcf at December 31, 2007 and Proved plus Probable Natural Gas Reserves increased from 65.8 Bcf to 71.2 Bcf during the same period.
- In Tajikistan the Company reached agreement to create a joint venture company, “Seven Stars Petroleum Corporation”, to hold its assets in Tajikistan and in which the Company, through its wholly owned subsidiary Tethys Tajikistan Limited, would hold a 51% interest.
- Capital expenditure in 2007 totaled US\$38.0 million (including the acquisition of the 30% minority interest in the Company’s Kazakh subsidiary BN Munai LLP) compared to US\$10.4 million in the same period of 2006. At December 31, 2007 the Company had also made prepayments on further capital expenditure of US\$3.1 million compared to prepayments of US\$3.9 million at December 31, 2006.

Bernard Murphy, Finance Director and Chief Financial Officer of Tethys said, *“These results are broadly in line with our expectations, although the delays in commencement of gas production caused by various technical, logistical and governmental issues means that our revenue stream commenced later in the year than we expected. The Company is now in a stable position to move forward with its current plans, and we will be focusing on a combination of increasing production whilst exploring for more reserves. Our financial systems have been strengthened since the IPO with the addition of further key staff, and I believe that we are in a good position for further growth.”*

Operations Update

Kazakhstan

Kyzylloi Field

Current sales gas production from the Kyzylloi Field into the Bukhara-Urals trunkline is approximately 20.5 million cubic feet (MMcf) (580 thousand cubic metres (Mcm)) of gas per day with the field being closely monitored during this start-up period. The six currently producing wells are presently performing well and independent analysis of the pressure data and production history shows that they have achieved pseudo-steady state with a drainage radius per well of over 1,000 acres (4.05 km²) and the potential for increased deliverability. Using these data, work on increasing gas production in the short-term is underway with the Company having retained an experienced field facilities engineer to increase production from the wells, reduce frictional losses in the pipeline and to optimize compression throughput.

The Company is also in the process of adding additional production wells in the Kyzylloi Field by working over and re-completion of old exploration wells drilled on the field in the past. The G12 well successfully tested gas at a rate of 5.9 MMcf/d (167 Mcm/d) on a 60/64 in (24 mm) choke with a flowing tubing head pressure of 30 psig. The G16 well is currently being tested with gas to surface but

the flow rate has not yet been measured. These wells will be tied into the Kyzylloi development later this year to maintain the field plateau rate.

In addition a Vertical Seismic Profile (“VSP”) was undertaken in the G12 well prior to testing in order to better calibrate the surface seismic data at shallow levels and to provide data for a full AVO study designed to provide new information to reduce risk in drilling of future exploration, appraisal and development wells in the Kyzylloi, Akkulka and Kul-Bas areas by assisting in the identification of new gas pools.

Akkulka Block

Drilling of the AKK14 central Akkulka exploration well has now been completed and testing is currently underway. This well was drilled to the east of the recent AKK13 gas discovery on a separate prospect and was designed to evaluate both the Kyzylloi sand interval (the producing zone in the Kyzylloi Field) and the deeper Tasaran sand. Gas has been flowed to surface and the testing program is well advanced, with final results expected within the next few days.

Plans for the development of the new discoveries made on the Akkulka block is progressing, with line pipe now having been ordered and with construction of the tie-in pipelines planned for this summer. It is planned to tie-in the AKK04, 05, 09, 11, 12 and 13 wells to the Kyzylloi export system as the second phase of the Greater Kyzylloi development with Phase 2 production planned to commence by the end of this year with target production from the Greater Kyzylloi development being estimated at 44 MMcf/d (1,246 Mcm/d). Additional compression has been ordered from Tethys’ Chinese suppliers and work is underway to optimize the final design of these compressors and their location in the system taking into account the production history to date from the Kyzylloi Field itself.

Work on the deep drilling program is progressing with final mapping of the deeper structure now been undertaken utilizing both the recently acquired surface seismic data and the VSP data acquired in the G6 well. A robust structure has been identified for the first deep well on the Akkulka block planned to spud in the summer. The robust structure founded on an old inverted high, to the south east of the proven shallow gas fields of Kyzylloi and Akkulka is less faulted than the main high under these fields. The well is planned to drill to a total depth (“TD”) of 14,760ft (4,500m) and will target lower Jurassic and Triassic sandstones. Given the location of this target and having carried out a detailed cost benefit and risk analysis of the merits of re-entering, sidetracking and deepening the G6 well to this target against drilling a new vertical well from surface, given that Tethys will be using its own deep drilling rig, it has been decided to drill a new well with the drilling program scheduled for some 120 days to reach TD.

Kul-Bas Block

The first shallow gas exploration well on the Kul-Bas block is expected to spud shortly after testing is completed on the AKK14 well and the rig mobilized. This well (KUL01) will target a Kyzylloi sand target located in the southern part of the Kul-Bas block, relatively close to the compressor station.

The new seismic mapping and analysis over the Kul-Bas block continues with the aim of firming up additional shallow gas prospects and also deep prospects in the lower Jurassic and Triassic similar to Akkulka. Several prospects and leads have been identified and are being worked up with plans to

commence deep drilling on this block late 2008 / early 2009 potentially following on from the first deep Akkulka well. The first 20% relinquishment of the block has now taken place (subject to final State confirmation) and Tethys would like to ensure as much of the remaining acreage is evaluated prior to the next 20% mandatory relinquishment due at the end of this year.

Tajikistan

Following comprehensive negotiations with the Tajik government the amendments to Tajik legislation necessary to enable the effective operation of production sharing agreements (“PSAs”) has now been agreed and will be submitted to the Tajik Parliament for approval shortly. Negotiations predicated on these amendments have also been proceeding on the PSA for the Kulob Area of Southern Tajikistan. Tethys hopes that the amendments will be passed soon and that this will lead to the PSA itself being signed within the next three months.

Meanwhile work is proceeding under the Investment Operating Agreement (“IOA”) on the Beshtentak Field. Work on the first well (Beshtentak #86) has already commenced. Mobilization of modern perforating equipment to the site took some time, as did supply of tubing and related well equipment and supplies as the local equipment was not judged suitable for the works. The Company believes that this is the first work undertaken by an international oil company in Tajikistan and clearly involves significant logistical challenges. In addition the unusually extreme and cold weather experienced in Tajikistan this winter hampered mobilization of the equipment and as such works on the first well have not yet been completed but significant reservoir data has already been obtained which should assist in the future re-development program for the field. In addition to workovers consideration is being given to the drilling of horizontal wells in this fractured carbonate reservoir where such techniques are generally effective.

Dr David Robson, Chairman, President and Chief Executive Officer of Tethys commented *“The Company has made very good progress since our IPO in June. We have brought on stream what we believe to be the first privately funded dry gas development in Kazakhstan with one of the first tie-ins to one of Central Asia’s major gas export trunklines. We have explored for and discovered more gas, and our new seismic data and analysis gives us high hopes of finding much more. We are now moving forward to double our gas production, all of this in an environment of rapidly increasing gas prices and additional export markets for our production. We will shortly have our own deep drilling capability which will enable us to explore for the significant upside potential we see in the deeper horizons on the Akkulka and Kul-Bas Blocks. We are fully up to date with our commitments on our contracts in Kazakhstan, and having built a core team of highly experienced professionals we see additional opportunities for Tethys in Kazakhstan and in the region in general. Our commercial team have been working hard in Tajikistan on what will be the first PSA in that country and although this has taken some time, we believe that we are now close to achieving our objective and acquiring a PSA for the extremely attractive Kulob Area where we are now learning much more about the reservoirs and how to operate in Tajikistan, as the first international company to start well operations in that country. I look forward to the next year with great excitement and to achieving our objectives.”*

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republic of Kazakhstan and more recently the Republic of Tajikistan. This highly

prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

TETHYS PETROLEUM LIMITED
Consolidated Balance Sheet

	Note	As at	
		December 31, 2007	December 31, 2006
(Expressed in 000's United States dollars)			
ASSETS			
Current Assets			
Cash and cash equivalents		26,692	1,763
Prepayments	4	351	331
Accounts Receivable		219	-
Other current assets		790	2
Total current assets		<u>28,052</u>	<u>2,096</u>
Non Current Assets			
Prepayments	4	3,062	3,882
Restricted Cash	5	318	205
Value added tax recoverable	6	2,752	1,086
Capital assets	7	37,472	12,318
Total Assets		<u>71,656</u>	<u>19,587</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	8	1,388	878
Accrued and other liabilities		891	453
Total current liabilities		<u>2,279</u>	<u>1,331</u>
Non Current Liabilities			
Long term debt	9	-	3,084
Other non current liabilities	10	776	32
Asset retirement obligation	11	661	451
Total Liabilities		<u>3,716</u>	<u>4,898</u>
Stockholder Equity			
Ordinary shares, authorized - 500,000,000 shares; shares issued and outstanding - 45,116,696 at December 31, 2007 and 14,000,000 at December 31, 2006.	15	99,483	22,315
Contributed Surplus		3,527	-
Warrants	16	16,555	2,220
Accumulated deficit		(51,625)	(9,846)
Total stockholders' equity		<u>67,940</u>	<u>14,689</u>
Total Liabilities and Stockholders' Equity		<u>71,656</u>	<u>19,587</u>
Commitments and contingencies	13		

See accompanying notes to these financial statements contained in the Company's detailed Financial Statements filed on SEDAR

TETHYS PETROLEUM LIMITED
Consolidated Statements of Operations and Comprehensive Loss

		Year ended December 31st	
		2007	2006
		(Expressed in 000's United States dollars except share data)	
	Note		
Operating Revenue			
Oil and gas sales		194	-
		<u>194</u>	<u>-</u>
Operating Expenses:			
Selling, general and administrative		27,342	5,124
Depreciation, depletion and amortization		13,057	32
		<u>40,399</u>	<u>5,156</u>
Operating Loss		<u>(40,205)</u>	<u>(5,156)</u>
Other Income (Expense):			
Interest, net		(1,437)	(1,701)
Foreign exchange gains (losses)		(96)	72
Other		(41)	(158)
Total Other Expense		<u>(1,574)</u>	<u>(1,787)</u>
Loss Before Income Taxes		(41,779)	(6,943)
Income taxes	15	-	-
Net Loss and Comprehensive Loss		<u>(41,779)</u>	<u>(6,943)</u>
Weighted average number of common shares outstanding	18	33,274,413	2,808,767
Basic and diluted loss (US\$) per share		<u>(1.26)</u>	<u>(2.47)</u>

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TETHYS PETROLEUM LIMITED
Consolidated Statement of Cash Flows

	Note	Year ended December 31st	
		2007	2006
(Expressed in 000's United States dollars)			
Operating activities:			
Loss from operations		(41,779)	(6,943)
Share warrants & options		17,862	-
Non-cash interest expense		1,916	1,809
Depreciation, depletion and amortization		13,057	32
Accounts Receivable		(1,885)	(1,084)
Other current debtors		(788)	
Prepayments		(20)	(71)
Accounts payable		510	410
Accrued and other liabilities		438	448
Net cash used in operating activities		(10,689)	(5,399)
Investing activities:			
Capital expenditures	13	(23,001)	(10,390)
Investments		(113)	(205)
Change in oil & gas suppliers prepayments		820	(766)
Net cash used in investing activities		(22,294)	(11,361)
Financing activities:			
Proceeds from issue of common stock		67,337	-
Share issue costs		(5,169)	-
Repayment of loans		(5,000)	18,115
Other non-current liabilities		744	(30)
Net cash provided by financing activities		57,912	18,085
Net increase in cash and cash equivalents		24,929	1,325
Cash and cash equivalents, beginning of year		1,763	438
Cash and cash equivalents, end of year		26,692	1,763
Interest paid		375	207

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This press release contains “forward-looking information” which may include, but is not limited to, statements with respect to our operations. Such forward looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions.

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