



September 28, 2017

**Tethys Petroleum Press Release
(TSX: TPL)**

Corporate Update

GRAND CAYMAN, CAYMAN ISLANDS - Tethys Petroleum Limited (“Tethys” or the “Company”) today announces a corporate update.

Approval Received for Continuation of Oil Production

The Company’s subsidiary Tethys Aral Gas LLP (“TAG”) was recently notified by the competent authority in Kazakhstan of its approval of the continuation of the Company’s Akkulka Oil Field Pilot Production Project (the “Project”) from January 1, 2018 to March 10, 2019. This period coincides with the related Akkulka Exploration Licence and Contract under which the Project is carried out.

The approval of the Project allows TAG to continue to produce oil and sell it on the Kazakhstan internal market which it has done since January 2011. Oil is currently being produced from the AKD-01 well in the Akkulka area.

The Company is evaluating investing in a gas utilization facility for flared gas which is a prerequisite to apply for a full production licence. This in turn would allow a proportion of oil production to be sold for export at a higher price than can be achieved on the internal market.

Update on Gas Drilling Program

Further to the update provided by the Company on August 25, 2017, drilling company Great Wall has completed drilling the third well in the gas drilling program known as AKK-23 following the completion of drilling of wells KYZ-111 and KYZ-110. Testing of KYZ-111 has commenced and the results of well testing will be announced when available. Great Wall is now preparing to drill the fourth well.

As previously announced, the current plan is to drill eight wells in 2017, to obtain and interpret new seismic and then drill a further four or five wells in early 2018, with the intention of maintaining and improving shallow gas production on a continuing basis.

The Company recently signed amended contracts to build the pipeline to connect the new wells. The total contract value is approximately USD5 million and, like the drilling contract with Great Wall, the majority of payments are not due until 2018 when the Company expects to be able to pay from increased production revenues.

Olisol Petroleum Press Release

The Company acknowledges the Olisol Petroleum press release dated September 26, 2017 but does not intend to issue a response to each of the points raised since a number of them are incorrect or unclear and appear confused.



Regarding the previously announced rehabilitation application made by TAG, the court denied the application although TAG and its legal advisers believe the decision was incorrect under Republic of Kazakhstan (“RoK”) law and are in the process of appealing to a higher court. In any event, in accordance with RoK law, the decision of the first court does not come into force until a month after the court’s decision and TAG should continue to benefit from certain RoK legal protections against creditors, such as Eurasia Gas Group LLP (“EGG”), taking any adverse action against TAG during the appeal process.

Despite the RoK legal position described above, on September 22, 2017, a private marshal employed by EGG and accompanied by armed security personnel attempted to seal off the Company’s oil production facility in Bozoi to prevent oil transportation trucks from entering or leaving the property.

The Company regards these activities as illegal under RoK law and dangerous to property and personnel due to the ongoing oil production which has continued without stoppage. In order to resolve the situation, the Company engaged with the relevant governmental authorities who have opened criminal proceedings against the marshal for exceeding his authority.

As previously announced, Tethys and each of its Kazakhstan subsidiaries commenced legal action against Olisol Investments Limited, Olisol Petroleum Limited, EGG and certain of their respective principals in the Court of Queen's Bench of Alberta seeking, among other things, damages arising from failure to meet contractual obligations under an Investment Agreement between the parties on October 27, 2016 and damages arising from unlawful interference with Tethys' business activities, including issuing erroneous press release information about Tethys as alleged. These proceedings are continuing.

Tethys intends to enforce its rights and legitimate interests to the fullest extent permitted by law, to protect its investors, assets, investments, management and employees.

About Tethys

Tethys is focused on oil and gas exploration and production activities in Central Asia and the Caspian Region. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

Disclaimer

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Company or its officers with respect to the potential that exists in both exploration and in discovered deposits in Central Asia and the Caspian Region, the outcome of the Company’s evaluation of investing in a gas utilization facility, its ability to obtain a full production licence, export oil and achieve higher oil sales prices, the timing, number of wells drilled and results of the gas drilling program, whether Tethys will experience further disruption at its oil production facility and whether TAG’s appeal against the court decision denying its application for



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rehabilitation will be successful. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements including risks and uncertainties with respect to the potential that exists in both exploration and in discovered deposits in Central Asia and the Caspian Region, the outcome of the Company's evaluation of investing in a gas utilization facility, its ability to obtain a full production licence, export oil and achieve higher oil sales prices, the timing, number of wells drilled and results of the gas drilling program, whether Tethys will experience further disruption at its oil production facility and whether TAG's appeal against the court decision denying its application for rehabilitation will be successful.

No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity, and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.

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