

February 27, 2015

TETHYS PETROLEUM LIMITED PRESS RELEASE
("Tethys" or "the Company" (TSX:TPL, LSE:TPL))

Tethys Petroleum Independent Reserves Update

GRAND CAYMAN, CAYMAN ISLANDS – Tethys, the exploration and production Company focussed on Central Asia, is delighted to announce the result of an updated Independent Reserves Report, which has been prepared by *Gustavson Associates* with an effective date of December 31, 2014. The report meets the expectations of the Canadian Oil and Gas Evaluation Handbook in accordance with the requirements of National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators.

Highlights

- Production of 0.84 million barrels of oil (MMbbl) and 4.07 billion standard cubic feet of total gas (BCF) in 2014
- Increase in remaining gross reserves¹ in all three categories at December 31st 2014 over December 31st 2013
- Proven reserves (1P) of 16.62 million barrels of oil equivalent (BOE), up 18% from 2013, represents the highest volume in the history of the company in this reserves category
- Reserves Replacement Ratio (RRR) of 163% for the 1P category
- Proven and probable reserves (2P) of 27.08 million BOE, up 7% from 2013
- Reserve increases driven by the successful 2014 gas well development drilling program, and production performance above 2013 expectations

Details

The table below shows details of the gross oil reserves, gas reserves, BOE², and percentage increase for each of the reserves categories.

Reserves Category	Gross Oil (MMbbl)	Gross Gas (Bcf)	Gross BOE (MMbbl)	Increase from 31 st Dec. 2013
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¹ "Gross" in this context represents a 100% Tethys Working Interest share before application of Kazakhstan Mineral Extraction Tax (MET)

² Standard cubic feet of natural gas are converted to barrels of oil equivalent (BOE) using a factor of 6,000 scf per 1 BOE.



Proved (1P)	6.56	60.36	16.62	18%
Proved+Probable (2P)	12.36	88.29	27.08	7%
Proved+Probable+Possible(3P)*	20.55	124.56	41.31	2%

The 16.62 million BOE of proven reserves is a new peak in this category in the company's history, while the 2P and 3P amounts are the second highest volumes recorded. Proved reserves now comprise 40% of total reserves, even after a cumulative production of 9.54 million BOE from the start of gas production in December 2007 to 31st December 2014.

The RRR of 163% for the 1P category indicates strong organic growth. The breakdown shows an increase of 0.66 MMbbls and 10.92 BCF in the oil and gas respectively over and above the 2014 production of 0.84 MMbbls of oil and 4.07 BCF total gas production.

The increases have been realised through a combination of the successful 2014 gas well development drilling program, and improved production performance in existing gas and oil fields.

The Net Present Value (NPV) 10% After Tax totals are shown in the table below

Reserves Category	NPV10 (US\$ MM) After Tax	Decrease from 31 st Dec. 2013
Proved (1P)	108.30	16%
Proved+Probable (2P)	185.86	28%
Proved+Probable+Possible(3P)*	287.13	29%

The calculated reduction in NPV between the 2013 and 2014 reports is primarily attributable to the downward revision of assumption of product prices, and to the assumption that future oil contracts will have a lower percentage available for export than assumed in previous reports. The small volume of associated gas is assumed to be sold at domestic prices only, due to recent Kazakhstan legislation; however, dry gas is still planned to be 100% exported in the future. The reserves in this press release do not reflect the pending sale of 50% of the Kazakhstan assets, which remains subject to Kazakh State waiver. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Comment

David Roberts, chairman of the Reserves Committee, commented: "The Reserves Committee is very satisfied with the results contained in the annual independent review by *Gustavson Associates*, delivered earlier than in previous years. The growth in booked reserves is a reflection of excellent work in prospect maturation by the Tethys



exploration team led by its Vice President Rosemary Johnson-Sabine OBE, and our Kazakhstan field operations staff under the stewardship of the Chief Operating Officer, Graham Wall.

Tethys' plans for 2015 include the maturation of exploration prospects, monetizing gas prospects through development drilling, and increased focus on field equipment reliability. We look forward to building on the figures in the Gustavson report during 2015, and with the reserves update concluded, we intend to issue a new corporate presentation in the coming days."

Notes to Editors

The reserve report was prepared in full accordance with the requirements of National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators. The Company anticipates filing its Annual Information Form that includes more detailed disclosure and reports relating to petroleum and natural gas activities for the 2014 fiscal year at the end of March 2015. Both oil and gas reserves are based on availability of sufficient funding to allow development of the known accumulations.

A boe conversion ratio of 6,000 scf to 1boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The use of "total gas" indicates the combined volume of both the (predominantly) sales gas and fuel gas from the dry gas fields and the small amount of flared gas from the Doris oilfield under the Pilot Production Project. All monetary values are in millions (MM) of US Dollars. Note that reserve replacement ratio is calculated by calculating the difference between this year's 1P reserve estimate and last year's 1P reserve estimate, and dividing that quantity by the 2014 production, all in barrels of oil equivalent.

About Tethys

Tethys is focused on oil and gas exploration and production activities in Central Asia and the Caucasus with activities currently in the Republics of Kazakhstan, Tajikistan and Georgia. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

This press release contains "forward-looking information" which may include, but is not limited to, statements with respect to our operations, exploration programme and new Reserve Report as well as plans for 2015. Such forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions including the assumption that Tethys' 2015 development drilling programme will meet expectations, and the risk that such drilling programme will not meet expectations. See also our Annual Information Form for the year ended December 31, 2013 for a description of risks and uncertainties relevant to our business, including our exploration and development activities.

**About Gustavson Associates**

Gustavson Associates is an oil, gas, and mining consulting firm with over 30 years of extensive international experience. The team consists of geologists, engineers, economists, and appraisers who serve organizations and individuals around the world — including mining companies, oil and gas companies, governments, international banks and financial institutions, project financiers, stock exchanges, international law firms, and individual property owners.

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