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August 10, 2015

TETHYS PETROLEUM LIMITED PRESS RELEASE
(TSX:TPL, LSE:TPL)

Update on US\$47.7 million financing

**US\$5 million loan financing and possible offer from
Nostrum Oil & Gas PLC**

GRAND CAYMAN, CAYMAN ISLANDS - Tethys Petroleum Limited ("Tethys" or the "Company") announces that the US\$47.7 million financing with AGR Energy Holdings Limited ("AGR Energy") and related clawback of shares by Pope Asset Management, LLC (the "Financing") will not now proceed. The Board of Tethys has separately received a further approach from Nostrum Oil & Gas PLC ("Nostrum") regarding a possible offer for the entire issued and to be issued share capital of Tethys (the "Possible Offer"). Following this approach, Tethys and Nostrum have negotiated a US\$5 million loan financing (the "Nostrum Financing") in order to support short-term liquidity of Tethys during the period in which any formal offer may be implemented.

Update on Financing

Following further discussions and recent correspondence between AGR Energy and Tethys, during which AGR Energy indicated to the Company that it would require certain changes to the structure and terms of the Financing announced on July 1, 2015, the Company confirms that the Financing will not now proceed and the terms of the subscription agreements previously announced to the market, including the non-solicitation provisions, will no longer apply. Consequently, the extraordinary general meeting previously scheduled for August 28, 2015 has been cancelled and the Company is no longer able to draw down any of the US\$5 million convertible loan agreed with AGR Energy Limited No. 1 in connection with the Financing.

In view of the alternative structure and terms proposed by AGR Energy, the Board of Tethys determined, after careful consideration, that it was obligated to consider possible alternative corporate and/or financing transactions, including the Possible Offer and the Nostrum Financing.

Possible Offer from Nostrum

The Company confirms that the Board of Tethys has received a further non-binding indicative proposal from Nostrum with regard to the Possible Offer. The Possible Offer provides for a price of C\$0.2185 per Tethys share, which would be satisfied in cash or, at the election of each eligible shareholder of Tethys, fully paid ordinary shares in Nostrum, or a combination of both cash and shares. This price represents a premium of 15% to the price at which AGR Energy had agreed to subscribe for new ordinary shares in Tethys pursuant to the Financing and a premium of 56% to the closing market price of an ordinary share of Tethys on the TSX of C\$0.14 on Friday August 7, 2015.

Following the receipt by Tethys of the Possible Offer, the Company has decided to enter into discussions with Nostrum.

Any decision by the Board of Nostrum to make a formal offer following the receipt by Tethys of this Possible Offer would be conditional upon, inter alia, satisfactory completion by Nostrum of confirmatory due diligence, which shall be limited to a period ending at 9:00 a.m. London time on August 24, 2015 (unless such date is mutually agreed to be extended by the parties) and the Board of Tethys, having been so advised by its financial adviser, agreeing unanimously to recommend the formal offer to shareholders of Tethys. Pursuant to the terms of the Possible Offer, Nostrum shall have two business days following completion of its confirmatory due diligence within which to announce an intention to make a formal offer.

There can be no certainty that any formal offer will be made by Nostrum for the entire issued and to be issued share capital of Tethys, nor as to the terms on which any firm offer might be made.

As Tethys is a company registered in the Cayman Islands, with its primary listing on the Toronto Stock Exchange, any formal offer that is made for Tethys would not be subject to the provisions of the UK City Code on Takeovers and Mergers, but would however be made in accordance with laws of the Cayman Islands and applicable Canadian and UK securities laws, including Canadian regulations governing takeovers.

Nostrum Financing

In connection with the Possible Offer, Nostrum and Tethys have today entered into an unsecured US\$5 million term loan facility (the "Loan"). Nostrum has agreed to provide the Loan to Tethys in order to support short-term liquidity of Tethys during the period in which any formal offer may be implemented. The Loan is immediately available for drawdown.

The Loan shall be repayable on February 28, 2016 or, in the event that Nostrum does not announce an intention to make a formal offer within two business days of the conclusion of its confirmatory due diligence within the time period outlined above, the

Loan shall be repayable on August 31, 2016. Interest shall accrue on the Loan at a rate of 9% per annum, with such interest being repayable on the maturity date of the Loan. Part or all of the Loan may also be repayable by the Company before the scheduled maturity date in the event of the Company obtaining additional cash finance from a party other than Nostrum, whether in the form of debt or equity. Any cash proceeds received by the Group following a disposal or farm-out of the Group's Tajikistan asset will also be applied to repayment of the Loan.

Proceeds of the Loan shall be used in the following order of priority: to ensure that all obligations under Tethys' Kazakh work programmes are met (save in respect of Kul-Bas, where an application to extend the licence is being made), to ensure that the Company can meet all its commitments to work programmes in Tajikistan and to meet general working capital requirements of the group.

Pursuant to the terms of the Loan, the Company is subject to certain covenants, including, inter alia, restrictions on:

- undertaking any material corporate activity other than in connection with the farm-out processes being undertaken in Tajikistan (which shall not be completed without the consent of Nostrum while it remains in the possible offer process) and Georgia;
- paying fees other than pursuant to existing engagements with advisers or consultants or appointing any new advisers;
- paying discretionary bonuses to staff or contractors;
- creating new indebtedness (subject to certain permitted exemptions) or repaying indebtedness in advance of its maturity date;
- creating any security or giving guarantees; and
- entering into any new equity financing prior to any withdrawal from the possible offer process by Nostrum.

These restrictive covenants shall not prevent the Company from complying with its obligations under applicable laws or prevent the directors of Tethys from acting in a manner so as to comply with their fiduciary obligations. The Company has also agreed to provide quarterly management accounts to Nostrum.

The Loan also contains event of default and change of control provisions. A copy of the Loan will be filed on SEDAR in Canada in a timely manner.

In consideration for Nostrum agreeing to advance the Loan, the Company has agreed to grant Nostrum a limited period of exclusivity to undertake its confirmatory due diligence in connection with the Possible Offer and any potential resulting formal offer. This period of exclusivity concludes at the end of the two business day period after completion of Nostrum's confirmatory due diligence, which will be at 11:59 p.m. London time on August 25, 2015 (unless such date is mutually agreed to be extended by the parties).

John Bell, Executive Chairman of Tethys, commented:

“With the latest news around the previously announced financing with AGR Energy, the Board of Tethys has engaged in positive discussions with Nostrum and we are very pleased to have secured additional financing from Nostrum to meet our near term liquidity needs. We look forward to working closely with Nostrum over the coming weeks in connection with its indicative possible offer for Tethys.”

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.

About Nostrum

Nostrum is an independent oil and gas company currently engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin. Its shares are listed on the London Stock Exchange (ticker symbol: NOG). The principal producing asset of Nostrum is the Chinarevskoye field, in which it holds a 100% interest and is the operator through its wholly-owned subsidiary Zhaikmunai LLP. In addition, Nostrum Oil & Gas holds a 100% interest in and is the operator of the Rostoshinskoye, Darinskoye and Yuzhno-Gremyachenskoye oil and gas fields through the same subsidiary. Located in the pre-Caspian basin to the north-west of Uralsk, these exploration and development fields are situated approximately 60 and 120 kilometres respectively from the Chinarevskoye field.

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 various matters. 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.

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 the Listing Rules and 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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