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August 28th, 2015

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

**Update on possible offer from
Nostrum Oil & Gas PLC**

GRAND CAYMAN, CAYMAN ISLANDS – Tethys Petroleum Limited (“Tethys” or the “Company”) announces that following its press release on August 10, 2015 in respect of an approach from Nostrum Oil & Gas PLC (“Nostrum”), the Company has received a revised non-binding and highly conditional proposal from Nostrum setting out the terms on which Nostrum is prepared to make an offer to acquire the entire issued and to be issued share capital of Tethys (the “Proposal”). This supersedes the previous letter received from Nostrum described in the announcement on August 10, 2015.

Separately, the Company confirms that it has received expressions of interest from several other parties in relation to a variety of potential corporate transactions, all of which remain current. With the period of exclusivity granted to Nostrum having expired, and in light of the revised Proposal from Nostrum, the Company intends to reopen its review of strategic options and, where appropriate, pursue discussions with some or all of these interested parties in addition to Nostrum.

The Proposal provides for a price of C\$0.147 per Tethys share, which would be satisfied in fully paid ordinary shares in Nostrum. This price is just above the closing market price of an ordinary share of Tethys on the TSX of C\$0.145 on August 27, 2015.

Any formal offer in connection with the Proposal is stated by Nostrum to be conditional upon, inter alia:

- the completion by Nostrum of further due diligence, which shall be limited to a period ending at 11.59 p.m. London time on September 14, 2015 (unless such date is mutually agreed to be extended by the parties);
- the amendment/extension of the subsoil use licences including the extension of the Kul-Bas licence in Kazakhstan;
- amendment to the existing Loan Agreement with Nostrum which would prevent the extension of the loan maturity date from February 28, 2016 to August 31, 2016;
- the entry into an implementation/support agreement between Nostrum and Tethys;

- the receipt of irrevocable undertakings from directors of Tethys to accept a formal offer in respect of any shares they hold in Tethys;
- the receipt of local approvals from relevant government authorities in Kazakhstan, Georgia and Tajikistan;
- the receipt of consents and waivers from various counterparties to key Tethys contracts;
- Tethys providing reasonable assistance to Nostrum in seeking undertakings from the Company's major shareholders;
- the potential ability to withhold from any payment to the Tethys shareholders any amount for which Nostrum believes it could be held liable in connection with tax liabilities of any of such shareholders relating to Nostrum's purchase of their Tethys shares as a result of a taxable gain realised by any of such Tethys shareholders under Kazakhstan tax law; and
- the Board of Tethys, having been so advised by its financial adviser, agreeing unanimously to recommend the offer to shareholders of Tethys.

As part of the Proposal, Nostrum has requested a period of exclusivity ending at 23:59 London time on September 14, 2015 or such later date as the Parties may agree.

Nostrum has indicated that it would be willing to provide further financing to Tethys, including such additional financing as may be agreed between the parties for working capital purposes until completion of the implementation of the Proposal. This further financing will require various Company guarantees and first priority security arrangements (to the extent possible) which are likely to require significant restructuring of Tethys existing debt packages. Timing and ability to restructure this debt is currently unknown. Such financing would also be conditional upon, inter alia, the unanimous recommendation of the Board of Tethys as to the Proposal and the extension of exclusivity arrangements previously entered into between the parties in order to allow both parties the necessary time to finalise the documentation in respect of the Proposal and such financing.

The Board of Tethys is evaluating and considering the Proposal and has indicated to Nostrum that it has a number of questions and clarifications, particularly given the non-binding and highly conditional nature of the Proposal and the lack of any firm intention to make a formal offer from Nostrum at this stage. Tethys is continuing discussions with Nostrum in connection with a potential Proposal and related financing but, as stated above, intends to pursue discussions with other interested parties at this stage.

A further update will be provided in due course. There can be no guarantee at this stage that any discussions with potential counterparties will ultimately lead to a completed transaction.

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 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 a possible offer or agreement and further financing. 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 the fact that there is significant uncertainty that discussions between Tethys and Nostrum will lead to an agreement or offer to shareholders or any further financing being provide by Nostrum to Tethys. Moreover, even if Nostrum were to make an offer to shareholders, there is no certainty that such offer would be at a price in excess to current market prices or that the conditions to any such offer could be satisfied.

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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