Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

May 15, 2017

Tethys Petroleum Press Release
(TSX: TPL)

2017 Q1 Results

GRAND CAYMAN, CAYMAN ISLANDS- Tethys Petroleum Limited ("Tethys" or "the Company") today announced its Results for the quarter ended March 31, 2017.

Q1 Financial Highlights

(all figures reported in USD unless stated otherwise. 2016 amounts are for the quarter ended March 31, 2016)

- Oil and gas sales and other revenues decreased by 86% in the first quarter of 2017 to 0.5 million from 3.5 million in Q1 2016 mainly because there were no gas sales in the quarter due to the placing of production in storage whilst seeking to attain better pricing. Gas production continued throughout the quarter and was sold in May 2017;
- The small decrease in oil revenue was due to the natural decline in production volumes partially offset by a price increase in USD terms due to a strengthening of the Kazakh currency, the Tenge against the USD;
- The loss of 4.4 million in Q1 2017 was lower than the loss of 5.7 million in Q1 2016 due to lower costs which more than offset the reduction in revenue;
- Adjusted EBITDA decreased to negative 1.4 million from negative USD0.9 million in Q1 2016 as a result of the reduction in oil and gas revenues of 3.0 million exceeding the reduction in costs (excluding finance costs and DD&A costs); and
- Net debt increased as a result of working capital loans received from Olisol during 2016 which were expected to be converted into ordinary shares of the Company or repaid from the proceeds of the legally binding transactions which Olisol failed to complete.

Q1 Operational Highlights

Oil

- First quarter oil production averaged 682 bopd compared with 861 bopd in Q1 2016, reflecting a natural decline in overall production;
- Oil production cost per barrel in the first quarter increased to 9.46 compared with 8.37 in Q1 2016 mainly due to a decrease in oil production and non-variable costs of production;
- Oil prices averaged 8.67 bbl in the quarter compared with 7.47 bbl in Q1 2016, an increase of 16%, reflecting a higher average price per barrel in Q1, 2017 and a stronger Kazakhstan currency, the Tenge against the US Dollar in the current quarter.

Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

Gas

- First quarter gross gas production averaged 2,094 boe/d compared with 2,442 boe/d in Q1 2016, reflecting a natural decline in overall production;
- Gas production cost per Mcm in the first quarter increased to 14.49 compared with 13.27 in Q1 2016 mainly due to a decrease in gas production and non-variable costs of production and a stronger Kazakhstan currency, the Tenge against the US Dollar in the current quarter;

Q1 Corporate Highlights

- Georgia work programme commitments for 2017 reduced avoiding potential penalties of up to USD2.0 million;
- Tethys Kazakhstan to relocate its main administrative office from Almaty to Aktobe City during the first half of 2017 where it already has an office;
- Medgat Kumar appointed to the Board of Directors of the Company following the equity placement announced in November 2016;
- Rig loan maturing in February 2017 extended by 18 months whilst the Company markets rigs for lease or sale;
- EGG, the Company's former oil buyer, continues legal actions against the Company in Kazakhstan resulting in ongoing restrictions over Tethys Aral Gas bank accounts;
- Tethys and each of its Kazakhstan subsidiaries commences legal action against Olisol, EGG and certain of their respective principals in Canada;
- Announcement of intention to cancel London Stock Exchange listing with effect from May 2, 2017 to reduce costs of dual-listing but Tethys will remain listed on the Toronto Stock Exchange;
- Tethys announces a ten well shallow gas well drilling program which is expected to cost approximately 6 million and which the Company expects to be able to pay for from increased production; and
- Lease contract signed with MSI to build and install a mini-compressor in Kazakhstan to enhance production from existing wells and extend their life.

The full Q1 Results together with Management's Discussion and Analysis have been filed with the Canadian securities regulatory authorities. Copies of the filed documents may be obtained via SEDAR at www.sedar.com or on the Tethys website at www.tethyspetroleum.com. The summary financial statements are attached to this press release.

The Company's Q1 2017 financial statements are prepared under International Financial Reporting Standards (IFRS).

A barrel of oil equivalent ("boe") conversion ratio of 6,000 cubic feet (169.9 cubic metres) of natural gas = 1 barrel of oil has been used and is based on the standard energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

Information for Shareholders

An annual general meeting of the holders of ordinary shares of the Company will be held at Hilton Amsterdam Airport Schiphol, Schiphol Boulevard 701, Schiphol, 1118 BN, Netherlands on June 23, 2017 at 10:00 a.m. (Central European Summer Time - local time in Amsterdam, Netherlands).

The Company has previously announced that, in order to further reduce costs following the decision to cancel the Company's London Stock Exchange listing (which became effective May 2, 2017), it intends to transfer the share register maintained in by Capita Asset Services in the UK to TSX Trust Company in Canada which also maintains a register. The Company is planning for this transfer to take place in the week following the annual general meeting. Thereafter, it is expected that those shareholders formerly on the Capita Asset Services register should be able to access pricing and trading facilities from brokers and intermediaries which allow for trading in TSX listed companies.

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, relocation of its Kazakhstan office to Aktobe City, the proposed shallow gas well drilling program, the installation of the mini-compressor and access to pricing and trading facilities from brokers and intermediaries which allow for trading in TSX listed companies. 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, relocation of its Kazakhstan office to Aktobe City, the proposed shallow gas well drilling program, the installation of the mini-compressor and access to pricing and trading facilities from brokers and intermediaries which allow for trading in TSX listed companies.

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.

See our Annual Information Form for the year ended December 31, 2016 for a description of risks and uncertainties relevant to our business, including our exploration activities.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Tethys Petroleum
info@tethyspetroleum.com
Web: http://www.tethyspetroleum.com

Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

Tethys Petroleum Limited
Consolidated Statement of Financial Position
(in thousands of US dollars)

	As at March 31, 2017	As at December 31, 2016
Non-current assets		
Intangible assets	42,785	42,732
Property, plant and equipment	101,513	103,115
Restricted cash	2,249	2,238
Investment in joint arrangements	4	4
Trade and other receivables	1,645	1,237
Deferred tax	205	208
	148,401	**149,534**
Current assets		
Cash and cash equivalents	69	449
Trade and other receivables	6,717	6,532
Inventories	1,089	676
Restricted cash	22	2,713
	7,897	**10,370**
Total assets	**156,298**	**159,904**
Non-current liabilities		
Trade and other payables	23	44
Financial liabilities - borrowings	6,980	-
Deferred tax	11,123	11,913
Provisions	927	910
	19,053	**12,867**
Current liabilities		
Financial liabilities - borrowings	26,480	33,249
Current taxation	540	522
Trade and other payables	21,133	19,838
Provisions	198	200
	48,351	**53,809**
Total liabilities	**67,404**	**66,676**
Equity		
Share capital	5,081	5,081
Share premium	358,444	358,444
Other reserves	43,704	43,648
Accumulated deficit	(324,431)	(320,041)
Non-controlling interest	6,096	6,096
Total equity	**88,894**	**93,228**
Total equity and liabilities	**156,298**	**159,904**

Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

Tethys Petroleum Limited
Consolidated Statements of Comprehensive Income (Loss)
(in thousands of US dollars except per share information)

	Three months ended March 31	
	2016	**2016**
Sales and other revenues	480	3,455
Sales expenses	-	(734)
Production expenses	(595)	(1,196)
Depreciation, depletion and amortisation	(2,567)	(2,856)
Administrative expenses	(1,174)	(1,787)
Restructuring costs	(118)	(755)
Share based payments	(56)	(82)
Profit on sale of fixed assets	-	10
Foreign exchange (loss)/gain	(18)	73
Fair value gain on derivative financial instrument	-	204
Finance costs	(1,103)	(1,930)
	(5,631)	(9,053)
Loss before tax from continuing operations	**(5,151)**	**(5,598)**
Taxation	761	(79)
Loss from continuing operations and total comprehensive income	**(4,390)**	**(5,677)**
Loss and total comprehensive income attributable to:		
Shareholders	(4,390)	(5,677)
Non-controlling interest	-	-
Loss and total comprehensive income for the year	**(4,390)**	**(5,677)**
Loss per share attributable to shareholders:		
Basic and diluted - from continuing operations (USD)	(0.01)	(0.02)

Tel: +44 20 7821 6128
Email: info@tethyspetroleum.com
Website: www: tethyspetroleum.com

Tethys Petroleum Limited
Consolidated Statements of Cash Flows
(in thousands of US dollars)

	Three months ended March 31	
	2017	**2016**
Cash flow from operating activities		
Loss before tax from continuing operations	(5,151)	(5,598)
Adjustments for:		
Share based payments	56	82
Net finance cost	1,103	1,930
Depreciation, depletion and amortisation	2,567	2,856
Fair value gain on derivative financial instruments	-	(203)
Net unrealised foreign exchange gain	16	(64)
Movement in provisions	(120)	(791)
Net change in working capital	189	(137)
Cash used in operating activities	**(1,340)**	**(1,925)**
Corporation tax paid	(8)	-
Net cash used in operating activities	**(1,348)**	**(1,925)**
Cash flow from investing activities		
Expenditure on exploration and evaluation assets	(53)	(278)
Expenditure on property, plant and equipment	(946)	(116)
Movement in restricted cash	2,680	151
Movement in advances to construction contractors	(14)	4
Movement in value added tax receivable	301	222
Net change in working capital	(14)	(22)
Net cash generated from/(used in) investing activities	**1,954**	**(39)**
Cash flow from financing activities		
Proceeds from issuance of borrowings, net of issue costs	-	2,000
Repayment of borrowings	(242)	(340)
Interest paid on borrowings	(620)	(1,169)
Movement in other non-current liabilities	(21)	(47)
Net cash (used in)/generated from financing activities	**(883)**	**444**
Effects of exchange rate changes on cash and cash equivalents	(103)	(619)
Net decrease in cash and cash equivalents	**(380)**	**(2,139)**
Cash and cash equivalents at beginning of the year	449	3,272
Cash and cash equivalents at end of the year	**69**	**1,133**