Tethys Petroleum Ltd.: Republic of Kazakhstan Supreme Court Dismisses EGG Claims

Grand Cayman, Cayman Islands--(Newsfile Corp. - February 20, 2018) - Tethys Petroleum Limited (TSX: TPL) ("Tethys" or the "Company") today announces that following a hearing on February 14, 2018, the Republic of Kazakhstan Supreme Court ("Supreme Court") has ruled to dismiss the claims made by Eurasia Gas Group LLP ("EGG") against the Company's Kazakhstan subsidiary, Tethys Aral Gas LLP ("TAG") and to cancel the earlier rulings by the Almaty City Specialized Inter-district Court on May 23, 2017 and the Almaty City Court Judicial Division for Civil Cases on August 2, 2017 (the "Lower Courts"). The Company understands there is no right of appeal by EGG of the Supreme Court ruling.

The Lower Courts had earlier ruled that EGG was entitled to collect from TAG an amount equivalent to approximately US$4.0 million comprising debt, damages for lost profit and court fees. The consequence of the Supreme Court ruling is that EGG will not be able to enforce the rulings of the Lower Courts.

TAG will need to take separate steps to recover unpaid debts for oil sales due from EGG and amounts seized by EGG's private bailiff, who the authorities decided had acted illegally. TAG is also working to have removed pledges of its assets in favor of RBK Bank. These date back to 2012 when EGG acted as an intermediary, taking out loans from RBK Bank and making onward loans to TAG. Agreements were subsequently entered into which designated these loans as advances repayable from future oil sales to EGG.

In separate legal proceedings before the Court of Queen's Bench of Alberta, Canada EGG and certain of the respective principals of EGG and Olisol were found in default by the Court for failing to file a defence. The legal action was to seek, among other things, damages arising from failure to meet contractual obligations under an investment agreement in October 2016 and damages arising from unlawful interference with Tethys' business activities, including issuing erroneous press release information about Tethys as alleged. These proceedings are ongoing.

On January 5, 2018 the Company announced that it obtained agreement from its oil buyer to increase the sales price it receives for oil sold from February 1, 2018. The Company wishes to clarify that TAG had prior commitments to fulfil requiring it to deliver certain volumes of oil for which payment had already been made at the old price. The price increase therefore only applies to monthly volumes sold over and above those committed amounts.

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, actions TAG will need to take to recover amounts from EGG and have pledges of its assets in favor of RBK Bank released and the outcome of the separate legal proceedings in Alberta, Canada. 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, actions TAG will need to take to recover amounts from EGG and have pledges of its assets in favor of RBK Bank released and the outcome of the separate legal proceedings in Alberta, Canada.

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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