

Tethys Petroleum Announces Corporate Update

Grand Cayman, Cayman Islands--(Newsfile Corp. - October 15, 2018) - Tethys Petroleum Limited (TSXV: TPL.H) ("Tethys" or the "Company") today announces that it is now selling oil and gas at significantly improved prices and is making positive progress in other areas.

Oil and gas prices and production

Oil and gas have been sold at significantly improved prices in September compared with the average price reported by Tethys for the first six months of 2018. This has proven possible following the fulfillment of prior contractual commitments for oil, the general increase in market prices and resolution of legal disputes in the Kazakhstan Supreme Court earlier in the year.

Oil production is currently averaging around 300 barrels of oil per day. Tethys sells oil at the wellhead and so does not incur transportation costs.

Gas production averaged 327 Mcm per day in September. Tethys delivers gas to the sales point via its own pipeline and there are no associated transportation costs or sales costs.

The Company anticipates making an operating profit in the fourth quarter from the higher prices and its lower cost base and the net cash generated will be used to help support the initiatives mentioned below.

Plans to increase gas production

As previously announced, Tethys plans to increase production by improving its gas compressor facilities and running pipelines to previously unconnected wells. The gas compressors require repair and upgrading. The pipeline work has commenced to connect five new gas wells onto production. This includes those wells drilled in late 2017 which were the furthest from existing pipelines.

Review of drilling program

Work programs are being reviewed and plans being developed regarding the drilling of new oil wells on the Akkulka license and the Klymene prospect on the Kul-bas license.

Discussions with lenders

Following the recently announced private placements, discussions have been held with certain of the Company's lenders, regarding proposals to reschedule loan repayment obligations. Whilst no definitive agreements have yet been reached, discussions have been constructive.

Going concern

Refer to note 1 of the Company's interim financial statements for the period ended June 30, 2018 for details of the going concern risks and uncertainties faced by the Company.

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, future oil and gas production, pricing and transportation costs, whether the Company will drill new wells, meet work program commitments and maintain licenses, whether it will be possible to reach definitive agreements with lenders, whether the Company will be able to generate positive cashflow to meet its funding requirements and whether the Company can remain a going concern. 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 matters referred to above.

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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