

GRAND CAYMAN, CAYMAN ISLANDS--(Marketwired - Aug 15, 2016) - [Tethys Petroleum Ltd.](#) (TSX:TPL)(LSE:TPL) today announced its Results for the quarter ended June 30, 2016.

Q2 Financial Highlights (all figures reported in USD unless stated otherwise. 2015 amounts are for the quarter ended June 30, 2015).

- Oil and gas revenue down 48% to USD3.5m (2015: USD6.8m);
- Production expenses down 68% to USD1.3m (2015: USD4.2m);
- G&A expenses down 60% to USD1.2m (2015: USD3.1m);
- Loss of USD4.9m (2015: USD25.3m) due to lower depreciation, depletion and amortisation;
- Capital expenditure down 92% due to lower spend on the Company's assets relating to Kazakhstan exploration and development and Tajikistan exploration;
- Net debt increased as a result of interim finance obtained as part of larger strategic transactions which are ongoing.

Q2 Operational Highlights

Oil

- Current quarter oil production averaged 965 bopd compared with 1,954 bopd in Q2 2015, reflecting a natural decline in overall production as well as prolonged spring oil trucking disruption;
- Oil production cost per barrel in the current quarter reduced to USD7.73 compared with USD7.81 in Q2 2015 despite lower production volume as a result of cost reductions initiatives as well as the devaluation of the Kazakhstan currency, the Tenge;
- Oil prices averaged USD7.94 per bbl in the quarter compared with USD13.00 per bbl in Q2 2015, a reduction of 39%, reflecting the fall in World oil price and the devaluation of the Tenge.

Gas

- Current quarter gross gas production averaged 2,312 boe/d compared with 3,250 boe/d in Q2 2015, reflecting a natural decline in overall production;
- Gas production cost per Mcm in the current quarter reduced to USD16.84 compared with USD22.90 in Q2 2015 despite lower production volume as a result of cost reduction initiatives as well as the Tenge devaluation;
- An increase in gas price in local currency of over 50 percent was obtained from January 1, 2016, however, this was negatively affected in USD terms due to the Tenge devaluation.

Note: 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.

Q2 Corporate Highlights

- All resolutions put to shareholders at the Annual General and Special Meeting held on May 31, 2016 were passed on a poll at the meeting including the transaction with Olisol;
- The Company received the first USD1 million drawdown of a newly agreed USD10 million loan facility from a leading Kazakhstan bank;
- Total and CNPC, the Company's partners in Tajikistan filed for arbitration proceedings at the International Court of Arbitration in relation to the Company's cash call defaults and the partners' notice to withdraw;
- The full Q2 Results together with Management's Discussion & 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.

Cautionary Statements

This press release contains "forward-looking information" which may include, but is not limited to, statements with respect to our operations and completion of the Olisol transaction. Such forward-looking statements reflect our current views with respect to future events and assume the completion of the Olisol transaction. These forward-looking statements are subject to certain risks and uncertainties, including the risk that the Olisol transaction will not receive required court and regulatory approvals, that closing conditions will not be satisfied or that one or more aspects of the Olisol transaction will be otherwise delayed and accordingly that the Olisol transaction will not be completed. See our Annual Information Form for the year ended December 31, 2015 for a description of risks and uncertainties relevant to our business, including our exploration activities.

About Tethys Petroleum

Tethys Petroleum's aim is to become the leading independent E&P Company in Central Asia, by exercising capital discipline, by generating cash flow from existing discoveries and by maturing large exploration prospects within our highly attractive frontier acreage.

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

	As at June 30, 2016	December 31, 2015
Non-current assets		
Intangible assets	66,626	64,202
Property, plant and equipment	107,903	113,397
Restricted cash	2,235	2,233
Investment in joint arrangements	4	4
Trade and other receivables	2,235	2,457
Deferred tax	215	226
	179,218	182,519
Current assets		
Cash and cash equivalents	700	3,272
Trade and other receivables	4,747	3,710
Inventories	904	879
Restricted cash	65	215
	6,416	8,076
Total assets	185,634	190,595
Non-current liabilities		
Trade and other payables	93	133
Financial liabilities - borrowings	2,114	22,873
Deferred tax	10,362	10,792
Provisions	878	846
	13,447	34,644
Current liabilities		
Financial liabilities - borrowings	28,388	9,159
Derivative financial instruments	6	275
Current taxation	460	398
Trade and other payables	15,760	14,189
Provisions	147	360
	44,761	24,381
Total liabilities	58,208	59,025
Equity		
Share capital	40,000	33,696
Share premium	321,803	321,803
Other reserves	43,329	43,166
Accumulated deficit	(283,642)	(273,189)
Non-controlling interest	5,936	6,094
Total equity	127,426	131,570
Total equity and liabilities	185,634	190,595

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

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Sales and other revenues	3,529	6,838	6,984	12,792

Sales expenses	(733	)	(1,279	)	(1,467	)	(2,381)
Production expenses	(1,328	)	(4,159	)	(2,524	)	(6,767)
Depreciation, depletion and amortisation	(2,927	)	(20,614	)	(5,783	)	(21,288)
Administrative expenses	(1,230	)	(3,103	)	(3,025	)	(5,924)
Restructuring costs	(676	)	(1,613	)	(1,423	)	(1,932)
Transaction costs of assets held for sale	-		(945	)	-		(1,065)
Share based payments	(81	)	(118	)	(163	)	(265)
Profit on sale of fixed assets	-		29		10		43	
Foreign exchange gain/(loss)	50		(208	)	123		(215)
Fair value gain/(loss) on derivative financial instrument	65		(1,547	)	269		(469)
Profit/(loss) from jointly controlled entity	-		15		-		(235)
Finance costs	(2,012	)	(1,949	)	(3,942	)	(2,527)
	(8,872	)	(35,491	)	(17,925	)	(43,025)
Loss before tax from continuing operations	(5,343	)	(28,653	)	(10,941	)	(30,233)
Taxation	409		3,375		330		2,921	
Loss from continuing operations	(4,934	)	(25,278	)	(10,611	)	(27,312)
Loss from discontinued operations net of tax	-		(36	)	-		(77)
Loss and total comprehensive income	(4,934	)	(25,314	)	(10,611	)	(27,389)
Loss and total comprehensive income attributable to:								
Shareholders	(4,776	)	(25,313	)	(10,453	)	(27,386)
Non-controlling interest	(158	)	(1	)	(158	)	(3)
Loss and total comprehensive income	(4,934	)	(25,314	)	(10,611	)	(27,389)
Loss per share attributable to shareholders:								
Basic and diluted - from continuing operations (USD)	(0.01	)	(0.08	)	(0.03	)	(0.08)
Basic and diluted - from discontinued operations (USD)	-		-		-		-	

Tethys Petroleum Limited

Consolidated Statements of Cash Flows

(in thousands of US dollars)

	Three months ended June 30		Six months ended June 30	
Cash flow from operating activities				
Loss before tax from continuing operations	(5,343	)	(28,653)
Loss before tax from discontinued operations	-		(36)
Adjustments for:				
Share based payments	81		118	
Net finance cost	2,012		1,949	
Depreciation, depletion and amortisation	2,927		20,614	
Profit on sale of fixed assets	(10	)	(29)
Fair value gain on derivative financial instruments	(65	)	1,547	
Net unrealised foreign exchange (gain)/loss	(293	)	147	
(Profit)/loss from jointly controlled entity	-		(15)
Movement in provisions	(845	)	(1,197)
Net change in working capital	(79	)	1,474	
Cash used in operating activities	(1,615	)	(4,081)
Corporation tax paid	(21	)	(4)
Net cash used in operating activities	(1,636	)	(4,085)
Cash flow from investing activities:				
Interest received	-		46	
Expenditure on exploration and evaluation assets	(177	)	(2,737)
Expenditure on property, plant and equipment	(165	)	(1,297)
Proceeds from sale of fixed assets	33		113	
Movement in restricted cash	(3	)	(147)
Movement in advances to construction contractors	(203	)	99	
Movement in value added tax receivable	206		368	
Net change in working capital	61		605	

Net cash used in investing activities	(248	) (2,950	) (287	) (6,541)
Cash flow from financing activities:					
Proceeds from issuance of borrowings, net of issue costs	1,500	9,100	3,500	18,235	
Repayment of borrowings	(234	) (4,198	) (574	) (4,665)
Interest paid on borrowings	(544	) (554	) (1,713	) (908)
Movement in other non-current liabilities	(21	) (27	) (68	) (56)
Net cash generated from financing activities	701	4,321	1,145	12,606	
Effects of exchange rate changes on cash and cash equivalents	750	669	132	561	
Net (decrease)/increase in cash and cash equivalents	(433	) (2,045	) (2,572	) 1,074	
Cash and cash equivalents at beginning of the period	1,133	6,987	3,272	3,868	
Cash and cash equivalents at end of the period	700	4,942	700	4,942	

Contact

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