

GRAND CAYMAN, CAYMAN ISLANDS--(Marketwired - Sept. 16, 2016) - [Tethys Petroleum Ltd.](#) ("Tethys" or the "Company") (TSX:TPL)(LSE:TPL) today announces a corporate update.

## Olisol Transaction

As previously announced on September 2, 2016 the Company continues to work with Olisol to complete the private placement of 181,240,793 shares at C\$0.054 per share for proceeds of C\$9.8 million whilst at the same time evaluating other funding arrangements. At present Olisol owns 15.76% of Tethys' ordinary shares and if the private placement is completed would own 42.03% of the enlarged share capital.

On September 9, 2016 Olisol provided US\$2.94 million working capital funds to the Company in addition to the previously announced US\$452,000 provided during the week ended September 2, 2016. The total working capital loan from Olisol now stands at US\$5.70 million and Olisol has indicated that it wishes to use the proceeds from the repayment of the loan to satisfy a portion of the C\$9.8 million subscription price due for the private placement. The Company plans to complete the private placement with Olisol once the remaining funds due have been received and all other conditions of closing have been met. These conditions include compliance with the offering and placement requirements of the Kazakhstan Stock Exchange in accordance with Republic of Kazakhstan legislation. The Investment Agreement has an outside date of October 27, 2016 unless extended.

## Kazakhstan legal proceedings

As previously announced on August 24, 2016 the Court dismissed the claim brought against the Company and its subsidiaries in Kazakhstan and ordered the lifting of the seizure order over the Company's assets. The claimant lodged an appeal on August 29, 2016 which is scheduled to be heard on September 26, 2016. Until the claimant's appeal is heard restrictions remain in place over the operation of the Company's bank accounts in Kazakhstan.

## Tajikistan arbitration proceedings

As previously announced, 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 the Company to withdraw. The partners are seeking to enforce the withdrawal notice and their claim for damages of US\$9.0 million (and continuing) plus costs. The Company has submitted its response to the request for arbitration and has made a counter-claim against the partners of US\$10.1 million.

At the present time the partners and the Company have appointed their respective arbitrators and are in the process of jointly agreeing the third independent arbitrator who needs to be appointed before arbitration proceedings can commence.

## 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 Olisol

Olisol is headquartered in Almaty, Kazakhstan and its subsidiaries and affiliates have investments in energy and oil and gas operations in the Russian Federation and Kazakhstan. Olisol has worked with Tethys in Kazakhstan for over seven years, is joint owner of the Aral Oil Terminal with Tethys and has its own fleet of special oil trucks involved in oil transportation from Tethys' oil field. Olisol, through its affiliates, is engaged in railroad transportation, processing of oil, storage and sale of oil products.

## 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 Olisol's access to funds, the placing to Olisol, advances under the working capital facility, potential alternatives to the transactions with Olisol and related transactions. 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 completion of the placing, advances under the working capital facility and related transactions. In addition, certain regulatory approvals lapsed on September 3, 2016, and

there is no certainty that the Company will be able to obtain an extension. Should the Company be unable to obtain an extension, it may not be able to complete the placing even if Olisol proposes to do so. Moreover, there is a risk that the Company's counter-claim against Total and CNPC will not be successful and that the Company will be required to compensate Total and CNPC. There is also a risk that restrictions on the Company's bank accounts in Kazakhstan will be extended.

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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