

GRAND CAYMAN, CAYMAN ISLANDS--(Marketwired - Oct 20, 2016) - [Tethys Petroleum Ltd.](#) (TSX:TPL)(LSE:TPL) ("Tethys" or the "Company") today announces that it acknowledges Olisol Petroleum Limited's ("Olisol") Press Release dated October 12, 2016 ("Release") whilst wishing to clarify certain matters pertaining to Olisol's Release and to provide a transaction update.

#### Olisol Petroleum Limited Press Release

Olisol states in its Release that it intends to direct Tethys to apply all funds to be repaid to Olisol in connection with outstanding working capital advances, plus accrued interest thereon, to its obligation to subscribe for 181,240,793 ordinary shares at C\$0.054 per share.

Tethys wishes to clarify that under the Amended and Restated Investment Agreement dated April 28, 2016 ("Investment Agreement"), between Olisol and the Company, Olisol is required to transfer the full purchase price of CDN\$9,787,002.82 for 181,240,793 ordinary shares to Tethys prior to the closing date.

In addition to this, under the Investment Agreement, Olisol has the right to convert any amounts outstanding under the facility agreement and any amounts of working capital indebtedness, in each case with accrued but unpaid interest thereon, into Tethys ordinary shares at the placing price of C\$0.054 per share. The amounts outstanding under the facility agreement and as working capital indebtedness are denominated in United States Dollars and for the purposes of converting any amounts outstanding into Canadian dollars, such amounts shall be converted at an exchange ratio of US\$1 equals CDN\$1.268, being the Bank of Canada's noon exchange rate on April 25, 2016.

Olisol also states in its Release that upon completion of the private placement Olisol believes it will hold approximately 244,285,253 representing 37.32% of the total number of issued and outstanding ordinary shares of Tethys.

Tethys wishes to clarify that there are currently 400,004,848 Tethys ordinary shares issued and outstanding. Upon completion of the private placement to Olisol of an additional 181,240,793 ordinary shares Olisol's shareholding would be 244,285,253 ordinary shares which would represent 42.03% of the total number of issued and outstanding ordinary shares.

#### Olisol Transaction Update

The Company has requested a proposal from Olisol to resolve certain issues that it feels are important to be agreed prior to completion of the private placement. These include a relationship agreement which ensures that all transactions between Tethys and Olisol will be at arm's length and on normal commercial terms and Olisol shall not vote on any related party transactions between the Company and Olisol as well as related corporate governance arrangements. The Company remains hopeful that Olisol will provide a proposal to address the issues raised with Olisol in time to allow completion to take place by the outside date of October 27, 2016 as contemplated by the Investment Agreement.

#### 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, completion of the private placement with Olisol and repayment and/or conversion of the amounts outstanding under the facility agreement and working capital indebtedness due to Olisol. 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 and also risks and uncertainties with respect to completion of the private placement with Olisol and repayment and/or conversion of the amounts outstanding under the facility agreement and working capital indebtedness due to Olisol.

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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