GRAND CAYMAN, CAYMAN ISLANDS--(Marketwired - Oct 27, 2016) - Tethys Petroleum Ltd. ("Tethys" or the "Company") (TSX:TPL)(LSE:TPL) today announces that the previously announced C$9.8 million private placement with Olisol Investments Limited and Olisol Petroleum Limited (together "Olisol") has not closed by the October 27, 2016 outside date under the Amended and Restated Investment Agreement dated April 28, 2016 ("Investment Agreement"). Tethys took all steps required to close the private placement and was ready, willing and able to do so, however, Olisol failed to provide Tethys with any of the C$9.8 million purchase price required to purchase the subscription shares under the Investment Agreement. Therefore, Tethys considers Olisol to be in breach of the Investment Agreement and reserves all of its legal rights.

Olisol has now sent a letter claiming that it is entitled to terminate the Investment Agreement as a result of a Material Adverse Change (as defined in the Investment Agreement) having occurred. In addition, Olisol has also demanded immediate repayment, in full, of the outstanding US$5.7 million of working capital indebtedness under the terms of the Facility Agreement between Tethys and Olisol dated November 19, 2016 ("Facility Agreement") as Olisol is alleging an event of default under the Facility Agreement. Tethys disagrees with Olisol that it has the right to terminate the Investment Agreement and further disagrees that there has been an event of default under the Facility Agreement and that the amount is repayable.

On October 26, 2016 the Company was notified of a claim lodged by Eurasia Gas Group LLP ("EGG") in the Almaty City Court against the Company's subsidiary Tethys Aral Gas LLP ("TAG"). EGG is seeking an award equivalent to US$2.6 million at current exchange rates for the alleged failure by TAG to deliver certain minimum volumes of crude oil to EGG. EGG is a company whose principal is also a principal of Olisol. EGG's claim follows TAG's recent formal notification to EGG requiring it to settle long overdue unpaid oil sales debts of US$1.3 million within 10 days or TAG would take Court action against EGG to recover those debts. The Company's view is that the claim is without merit or substance as TAG has no contractual obligation to deliver minimum volumes of crude oil to EGG, nor is there any penalty clause in contracts entered into between TAG and EGG for failure to deliver minimum volumes of crude oil. The Company is also of the view that EGG has not followed correct legal process which requires it to notify the Company at least 30 days prior to filing a claim with the Court. A preliminary Court hearing date has been set for November 1, 2016. As a consequence of EGG's Court claim the bank accounts of TAG have been blocked.

Tethys reserves all of its legal rights.

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, repayment and/or conversion of the amounts outstanding under the facility agreement and working capital indebtedness due to Olisol and the results of the pending litigation against TAG. 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, repayment and/or conversion of the amounts outstanding under the facility agreement and working capital indebtedness due to Olisol and the litigation against TAG.

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.

Contact

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