



TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

Q2 Results and Conference Call Details

Grand Cayman, Cayman Islands – Monday, August 15, 2010 - Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL, LSE:TPL) today announced its second quarter results for the period ended June 30, 2011. The second quarter results together with a Management 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 Tethys' website at www.tethyspetroleum.com. The summary financial statements are attached to this press release.

The Company reports financial results in accordance with International Financial Reporting Standards (“IFRS”).

Highlights

- Production revenues for the six months to June 30, 2011 from Kazakhstan and Uzbekistan sales totalled some US\$8.657 million compared to US\$8.146 million for the same period in 2010, representing a six per cent increase.
- Other operating revenue was US\$5.706 million compared to nil in the same period of 2010.
- Net loss was US\$8.991 million compared to US\$11.321 million in the same period of 2010.
- Capital expenditure, excluding the joint venture in Tajikistan, in the six months ended June 30, 2011 was US\$25.686 million compared to US\$11.759 million in the six months ended June 30, 2010.
- The average oil and gas production per production day for the six months ended June 30, 2011 was 5,566 boe/d compared to 3,476 boe/d in the same period of 2010.
- Total assets at June 30, 2011 were US\$261.144 million compared to US\$184.082 million at June 30, 2010.
- Cash balance at June 30, 2011 was US\$35.346 million compared to US\$30.232 million at June 30, 2010.

These highlights along with other operational and financial details will be further discussed in a scheduled conference call. Details of the conference call can be found below:

Conference Call:

A conference call will be held at 10 AM Eastern Time on Tuesday, August 16, 2011. An operational update will be given first followed by a review of the financials. The North American conference call number is (800) 291-5365 and the outside North America conference call number is (617) 614-3922. The conference call code to use is 31811593. Please call in about 10 minutes before the starting time in order to be patched into the call.



Webcast:

The call is being webcast and can be accessed at:

<http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=213714&eventID=4179930>

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republics of Kazakhstan and Tajikistan. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

This press release contains “forward-looking information” which may include, but is not limited to, statements with respect to our operations. Such forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. See our Annual Information Form for the year ended December 31, 2010 for a description of risks and uncertainties relevant to our business, including our exploration activities.

For more information please contact:

Tethys Petroleum Limited
Sabin Rossi
Vice President Investor Relations
Office: +1 416 572 2065
+1 416 572 2201 (FAX)
info@tethyspetroleum.com
Web: <http://www.tethyspetroleum.com>
Mobile site: m.tethyspetroleum.com

In Europe: Tethys Petroleum Limited
Veronica Zhuvaghena
Vice President Corporate Communications
Office: +44 1481 725911
+44 1481 725922 (FAX)

In Asia-Pacific: Quam IR
Anita Wan
Associate Director
Office phone/fax: +852 2217 2999



Tethys Petroleum Limited
Condensed Consolidated Statement of Financial Position
(Unaudited)
(in US Dollars)

	As at	
	June 30, 2011	December 31, 2010
	\$'000	\$'000
Non-current assets		
Property, plant and equipment	129,179	115,653
Intangible assets	23,458	16,892
Investments	1,057	1,015
Prepayments and other receivables	14,590	12,320
Loan receivable from jointly controlled entity	48,821	35,460
	<u>217,105</u>	<u>181,340</u>
Current assets		
Inventories	3,228	2,121
Trade and other receivables	3,974	3,680
Cash and cash equivalents	32,346	79,135
Restricted cash	3,509	-
Derivative financial instruments – interest rate swap	982	1,472
	<u>44,039</u>	<u>86,408</u>
Total assets	<u>261,144</u>	<u>267,748</u>
Equity attributable to shareholders		
Share capital	26,063	26,063
Share premium	297,222	297,222
Other reserves	36,537	34,261
Accumulated deficit	(127,014)	(118,023)
Total equity	<u>232,808</u>	<u>239,523</u>
Non-current liabilities		
Deferred gain on sale of assets to jointly controlled entity	3,699	3,699
Financial liabilities - borrowings	-	2,853
Deferred taxation	3,880	4,070
Trade and other payables	636	721
Asset retirement obligations	219	192
	<u>8,434</u>	<u>11,535</u>
Current liabilities		
Financial liabilities - borrowings	7,999	5,047
Derivative financial instruments - warrants	44	405
Derivative financial instruments - forex hedge	194	-
Deferred revenue	674	2,450
Trade and other payables	10,991	8,788
	<u>19,902</u>	<u>16,690</u>
Total liabilities	<u>28,336</u>	<u>28,225</u>
Total shareholders' equity and liabilities	<u>261,144</u>	<u>267,748</u>

Registered Office: 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands

Listed on the Toronto Stock Exchange (TSX) and the London Stock Exchange (LSE) with the symbol "TPL" and on the Kazakhstan Stock Exchange (KASE)



Tethys Petroleum Limited

Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

(in US Dollars)

	For the 3 months ended		For the 6 months ended	
	June 30, 2011	June 30, 2010 (re-presented)	June 30, 2011	June 30, 2010 (re-presented)
	\$'000	\$'000	\$'000	\$'000
Sales and other revenues	4,177	6,030	8,657	8,146
Other operating income	5,706	-	5,706	-
Finance income	764	22	796	25
Total revenue and other income	10,647	6,052	15,159	8,171
Production expenses	(1,773)	(1,938)	(3,525)	(2,875)
Depreciation, depletion and amortisation	(3,215)	(1,358)	(5,827)	(2,050)
Exploration and evaluation expenditure written off	-	(53)	-	(90)
Listing expenses	(327)	(573)	(333)	(1,200)
Business development expenses	(1,208)	(53)	(1,229)	(92)
Administrative expenses	(5,391)	(4,919)	(10,661)	(8,460)
Share based payments	(864)	(1,659)	(2,057)	(2,853)
Foreign exchange gain /(loss) – net	16	(167)	216	(152)
Fair value gain (loss) on derivative financial instrument	(315)	2,973	(323)	472
Loss from jointly controlled entity	(302)	(93)	(511)	(244)
Finance costs	(39)	(101)	(78)	(421)
Loss before taxation	(2,771)	(1,889)	(9,169)	(9,794)
Taxation	75	(1,433)	178	(1,527)
Net loss and comprehensive loss for the period attributable to shareholders	(2,696)	(3,322)	(8,991)	(11,321)
Loss per share attributable to shareholders				
Basic and diluted	(0.01)	(0.02)	(0.03)	(0.06)

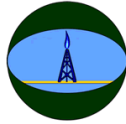


Tethys Petroleum Limited
Condensed Consolidated Statement of Cash Flows
(Unaudited)
For the three and six months ended June 30
(in US dollars)

	For the 3 months ended		For the 6 months ended	
	June 30, 2011 \$'000	June 30, 2010 \$'000	June 30, 2011 \$'000	June 30, 2010 \$'000
Cash flow from operating activities				
Loss before taxation for the period	(2,771)	(1,889)	(9,169)	(9,794)
Adjustments for				
Share based payments	864	1,659	2,057	2,853
Net finance (income) / cost	(723)	74	(716)	383
Depreciation, depletion and amortization	3,215	1,358	5,827	2,050
Loss on disposal of assets	136	-	136	-
Payment of royalties	-	(78)	-	(78)
Fair value gain (loss) on derivative financial instrument	315	(2,973)	323	(472)
Listing expenses	-	-	-	351
Net unrealised foreign exchange loss / (gain)	5	(32)	48	1
Loss from jointly controlled entity	302	93	511	244
Deferred revenue	646	(454)	(1,776)	(1,363)
Other operating income	(5,706)	-	(5,706)	-
Net change in non-cash working capital	1,091	(1,858)	769	(3,644)
Net cash used in operating activities	(2,626)	(4,100)	(7,696)	(9,469)
Cash flow from investing activities				
Interest received	44	22	76	25
Expenditure on exploration and evaluation assets	(4,423)	(5,305)	(6,289)	(7,076)
Expenditures on property, plant and equipment	(10,411)	(1,603)	(19,397)	(4,276)
Investment in restricted cash	(3,549)	1	(3,551)	(27)
Payments made on behalf of jointly controlled entity	(4,486)	(4,889)	(7,364)	(7,169)
Movement in advances to construction contractors	1,710	(2,173)	(117)	(3,200)
Value added tax receivable	(1,248)	(873)	(2,153)	(1,324)
Net change in non-cash working capital	406	742	354	732
Net cash used in investing activities	(21,957)	(14,078)	(38,441)	(22,315)
Cash flow from financing activities				
Proceeds from issuance of long term borrowings	-	-	-	1,840
Repayment of long-term borrowings	(90)	(358)	(176)	(705)
Interest paid on long-term borrowings and other non-current payables	(97)	(182)	(197)	(375)
Other non-current liabilities	(75)	(75)	(151)	(145)
Proceeds from issuance of equity, net of issue costs	-	112	-	54,134
Net cash (used) / generated from financing activities	(262)	(503)	(524)	54,749
Effects of exchange rate changes on cash and cash equivalents	(209)	(14)	(128)	(30)
Net (decrease) / increase in cash and cash equivalents	(25,054)	(18,695)	(46,789)	22,935
Cash and cash equivalents at beginning of the period	57,400	48,927	79,135	7,297

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TETHYS
Petroleum

Cash and cash equivalents at end of the period

32,346

30,232

32,346

30,232

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