

TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

Operations Update

Grand Cayman, Cayman Islands – August 16, 2010 - Tethys Petroleum Limited ("Tethys" or the "Company") (TSX: TPL) today gave a brief update on its operations in Kazakhstan, Tajikistan and Uzbekistan in conjunction with its Q2 2010 financial results.

Kazakhstan

The appraisal programme on the Doris oil discovery and further exploration on the Akkulka block is continuing. Operations are currently underway on three wells namely, AKD02, G6RE and AKD03. All three wells have possible oil bearing zones which are being evaluated. In conjunction with this drilling the 3D seismic survey is also underway focused initially on the core area of the Doris structure and then extending into the immediate surrounding area. Work is progressing well with initial testing operations having commenced on AKD02 and testing planned over the next few weeks on zones which appear to be oil bearing from (drilling and log data) in wells G6RE and AKD03.

Testing operations have commenced on the late Jurassic carbonate zone in the AKD02 well and this will be completed once equipment arrives for acidisation. Initial results indicate a permeable reservoir with downhole flow and this flow should be enhanced by acidisation (as it was in well AKD01). Acidisation and further testing of this well will take place when acidisation equipment is mobilised to the site in conjunction with the planned testing of the G6RE well in order to minimise costs.

Well G6RE has been successfully re-drilled to a depth of 2,403 metres, below the late Jurassic carbonate zone and casing has now been set and cemented. Drilling will recommence in smaller hole to target a deeper interval which recent re-evaluation of the wireline logs indicate is oil bearing. The planned total depth of this well is 2,820 metres. This well was drilled by a previous contractor but never tested due to equipment being stuck down the hole and that contractor subsequently running out of funds. Drilling and log data from the original hole indicate possible oil zones in the well. The first test on well G6RE should be mid-September.

Well AKD03 is currently at a depth of 2,535 metres with the pilot hole being reamed out in order to run the next casing string. Wireline logs indicate potential good quality oil bearing sandstones in the Cretaceous section and it is planned to test this zone at an appropriate time. Data also indicates possible oil in the Jurassic carbonate and potentially in a deeper carbonate section close to the base of the current hole. It is planned to continue drilling this well to evaluate the Triassic and Permo-Carboniferous



section. Oil shows were observed in the Triassic interval on the AKD01 Doris discovery well but were not tested. It is likely that testing of the Cretaceous sandstone interval will take place sometime in September.

Further testing is taking place on the AKD01 Doris discovery well, primarily to obtain further downhole oil samples to assist with the planned Doris Early Production Scheme - aimed at commencing small scale production from the field later this year. Additional tankage is in place with further tankage and other equipment arriving including further well test equipment.

Tajikistan

The KOM201 well on the Komsomolsk gas field is currently drilling ahead at a depth of 1,285 metres in the Cretaceous section. Directional drilling equipment is expected to arrive shortly to deviate the well to the south towards the mapped crestal area of the field. The primary target for this well is the Jurassic section with secondary targets in the Lower Cretaceous. Planned total depth is 2,475 metres which should be reached sometime in late September.

Work continues on the Beshtentak oilfield where oil is currently being produced from the BST20 well. Work is now underway on the BST92 well which is hoped to be put on production soon.

Work on the East Olimtoi EOL09 exploration well and the Komsomolsk KOM200 gas appraisal well (which flowed gas from the Cretaceous reservoir) awaits the arrival of specialist equipment from the United States. All permits for the import of this equipment have now been obtained and methods of transportation to Tajikistan are currently being worked on.

The ongoing regional exploration seismic survey continues with data currently being acquired in the area south of the town of Qurghonteppa in the Vaksh river valley.

Uzbekistan

The full field dynamic reservoir model for the North Urtaulak field is now complete and indicates that additional oil can be recovered from the field with a reconfiguration of the water injection scheme and additional drilling. In light of this, work is underway to reconfigure the water injectors to give better reservoir pressure maintenance.

An initial five-well radial side-track drilling programme will commence in September with four planned lateral wells per wellbore. This is the first time that radial drilling has been applied in Uzbekistan and based on international experience should yield good production increases.

A further horizontal sidetrack of an existing well (NUR96) is also planned to target an area with known good permeability and porosity in an area of the reservoir shown, by



the reservoir model, to be relatively un-drained. Well NUR96 was originally drilled in June 2006 and tested initially at rates up to 2,056 barrels of oil per day despite having stuck pipe in the hole. However casing had been set too high and eventually high pressure salt caused the casing to collapse and effectively close off production. The horizontal sidetrack planned by Tethys will re-drill the reservoir section close to the previous wellbore with the benefit of data from the original hole. Drilling operations are expected to commence in late September 2010.

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republics of Kazakhstan, Tajikistan and Uzbekistan. 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, including the risks relating to regulatory approvals and of sufficiency of the proceeds for the purposes contemplated. See the description of risks and uncertainties and underlying factors and assumptions relevant to the offering and “forward looking information” contained herein and to the Company’s business, including its exploration and development activities, contained in the Annual Information Form dated March 31, 2010 and other corporate filings (which are incorporated herein by reference). The “forward looking statements” contained herein speak only as of the date of this press release and, unless required by applicable law, the Company undertakes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

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