



June 16, 2020

Tethys Petroleum: Corporate Update

Grand Cayman, Cayman Islands- - Tethys Petroleum Limited (TSXV: TPL.H) ("**Tethys**" or the "**Company**") today provides a corporate update.

Completion of DSFK Agreement

On February 8, 2020 Tethys announced that it had reached a legally binding settlement agreement with Olisol Petroleum Limited and certain of its affiliated companies and their principals (together "**Olisol**") and DSFK Special Finance Company LLP ("**DSFK**"), (hereinafter the "**Settlement Agreement**").

The Kazakhstan Supreme court has ratified the agreement effective May 26, 2020. The Company has made the required financial payment of 1,434,692,762 tenge and has issued the 18 million shares necessary to complete and finalize the agreement. The Company is moving forward with its application to reactivate from the NEX board to a Tier 2 Oil & Gas Issuer on the TSX Venture exchange.

Cash Flow outlook

The Company is pleased to report that gas production volumes and revenue have been fairly steady. The cash flows from the gas sales are allowing Tethys to make progress on fulfilling its debt and contractual obligations. Management believes that at current production levels the prepayment obligation of the 70% of monthly gas sales will be completed in September. On January 17, 2020 Tethys announced that the loan originally made by AGR Energy Limited had been amended to reduce the outstanding balance from \$12.1 million to \$9 million and extending the maturity to June 30, 2021. As part of the workout agreement regarding the AGR notes, Tethys will be obligated to make a \$3mm USD payment by the end of the year. This payment will be followed by two more payment obligations of \$3mm each at six month intervals. The Company is currently seeking to obtain funding to prepay the note by the end of August for a price of \$7mm. The loan would not only allow Tethys to refinance on more favorable terms but would hopefully allow the Company more operating flexibility (vs. trying to meet a challenging goal of raising \$3mm USD from operations by year end while also fulfilling the prepayment obligation).

Testing of Klymene Exploration Well

Management is pleased to announce that the testing of the KBD-02 well has provided indications of commercial amounts of oil. The Company is being careful to not only comply with all the necessary measures regarding well integrity but also in regards to Covid-19 protocols. The well test has produced approximately 20,000 barrels of oil to date and has averaged over 400 barrels/day for the last week (using a 9 mm choke). The oil quality is good and there currently are no water cut issues. Until the well goes into steady production, it is



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difficult to know whether to expect that this production rate can be increased. The test to date has focused on the Jurassic zone as the widest zone of three potential zones. The current plan is to test this zone until July 7 and then to test the next zone. At present, the service provider is under quarantine but it is expected that by next month they will be able to travel.

Testing of Additional Gas Wells

The current plan is for Tethys to drill 3 more gas wells later this year (again assuming a relaxation of the quarantine restrictions).

Disclaimer

Some of the statements in this document are forward-looking. 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. Such statements include statements relating to the Company's ability to complete the move back to the TSX Venture Exchange, the Company's ability to drill more wells, the relaxation of quarantine restrictions, compliance with COVID-19, increase of production or the Company's ability to repay all or parts of the AGR loan. Such forward looking statements are based on assumptions and factors which could prove to be untrue which could result in the statement being untrue. Such assumptions and risks include, factors affecting the Company's cash flow which could limit its ability to repay the AGR notes, general economic or other facts that could affect the Company's ability to increase production and/or drill more wells, the ability of the Company to satisfy all of the requirements necessary to complete a TSXV listing. 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 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. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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