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TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

Q2 Results and Conference Call Details

Grand Cayman, Cayman Islands – Friday, August 13, 2010 - Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL) today announced its Second quarter Results for the period ended June 30, 2010. 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.

Highlights

- Production revenues for the quarter from Kazakhstan and Uzbekistan sales totalled some US\$6.03 million compared to US\$2.80 million for the same period in 2009.
- The Company recorded a net loss before taxation of US\$1.89 million in the quarter ended June 30, 2010 compared to a net loss of US\$5.59 million in the same period of 2009.
- Capital expenditure in the three months to June 30, 2010 was US\$7.31 million compared to US\$4.78 million in the same period of 2009.
- Production expenses in the quarter were US\$1.94 million compared to US\$ 0.96 million in the same period of 2009.

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 11:30 AM Eastern Time on Friday, August 20, 2010. The North American conference call number is (888) 231-8191 and the outside North America conference call number is (647) 427-7450. The conference call code to use is 89563821. 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://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3158100>

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, 2009 for a description of risks and uncertainties relevant to our business, including our exploration activities.

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Tethys Petroleum Limited

Interim Consolidated Financial Statements
(Unaudited)

June 30, 2010

Tethys Petroleum Limited
Consolidated Statement of Financial Position
(Unaudited)

	As at	
	June 30, 2010	December 31, 2
	\$'000	\$'000
Non-current assets		
Property, plant and equipment	75,918	73,171
Intangible assets	32,317	24,378
Investments	686	659
Prepays and other receivables	9,344	5,171
Loan receivable from jointly controlled entity	28,692	21,727
	<u>146,957</u>	<u>125,106</u>
Current assets		
Inventories	2,350	2,368
Prepays and other receivables	2,965	2,311
Cash and cash equivalents	30,232	7,297
Derivative financial instruments – interest rate swap	1,578	-
	<u>37,125</u>	<u>11,976</u>
Total assets	<u>184,082</u>	<u>137,082</u>
Equity attributable to shareholders		
Share capital	18,737	13,455
Share premium	206,410	153,748
Other reserves	30,975	27,775
Accumulated deficit	(99,695)	(88,374)
Total equity	<u>156,427</u>	<u>106,604</u>
Non-current liabilities		
Deferred gain on sale of assets to jointly controlled entity	3,699	3,659
Financial liabilities - borrowings	8,139	9,324
Shares to be issued	-	3,750
Deferred taxation	2,126	598
Trade and other payables	800	808
Asset retirement obligations	174	206
	<u>14,938</u>	<u>18,345</u>
Current liabilities		
Financial liabilities - borrowings	3,526	1,086
Derivative financial instruments - warrants	2,477	1,053
Derivative financial instruments – interest rate swap	-	95
Deferred revenue	1,750	3,113
Trade and other payables	4,964	6,786
	<u>12,717</u>	<u>12,133</u>
Total liabilities	<u>27,655</u>	<u>30,478</u>
Total shareholders' equity and liabilities	<u>184,082</u>	<u>137,082</u>

Tethys Petroleum Limited

Consolidated Statement of Comprehensive Loss

(Unaudited)

For the three and the six months ended June 30

Note	For the 3 months ended		For the 6 months ended	
	June 30, 2010 \$'000	June 30, 2009 \$'000	June 30, 2010 \$'000	June 30, 2009 \$'000
Sales and other operating revenues	6,030	2,797	8,146	3,326
Finance income	22	19	25	49
Total revenue and other income	6,052	2,816	8,171	3,375
Production expenses	(1,938)	(956)	(2,875)	(1,241)
Depreciation, depletion and amortisation	(1,358)	(1,398)	(2,050)	(1,915)
Exploration and evaluation expenditure written off	(53)	(109)	(90)	(126)
Listing expenses	(573)	-	(1,200)	-
Administrative expenses	(6,631)	(4,410)	(11,405)	(8,089)
Foreign exchange loss - net	(167)	(689)	(152)	(2,483)
Fair value gain (loss) on derivative financial instrument	2,973	(101)	472	(61)
Loss from jointly controlled entity	(93)	-	(244)	-
Finance costs	(101)	(746)	(421)	(1,069)
Loss before taxation	(1,889)	(5,593)	(9,794)	(11,609)
Taxation	(1,433)	-	(1,527)	-
Net loss and comprehensive loss for the year attributable to shareholders	(3,322)	(5,593)	(11,321)	(11,609)
Loss per share attributable to shareholders				
Basic and diluted	(0.02)	(0.06)	(0.06)	(0.15)

No dividends were paid or are declared for the period
(2009– \$Nil).

Tethys Petroleum Limited

Consolidated Statement of Changes in Equity

(Unaudited)

For the three and the six months ended June 30

	<u>Attributable to shareholders</u>					Total equity \$'000
	Share capital \$'000	Share prem \$'000	Accumulated deficit \$'000	Option rese \$'000	Warrant res \$'000	
Balance at January 1, 2009	6,639	138,598	(66,654)	8,592	16,555	103,730
Comprehensive loss for the period	-	-	(11,609)	-	-	(11,609)
Transactions with shareholders						
Issue of share capital	6,816	17,245	-	-	-	24,061
Cost of share issue	-	(1,981)	-	-	-	(1,981)
Share-based payments	-	-	-	1,620	-	1,620
Total transactions with shareholders	6,816	15,265	-	1,620	-	23,700
Balance at June 30, 2009	13,455	153,863	(78,263)	10,212	16,555	115,822
Comprehensive loss for the period	-	-	(10,111)	-	-	(10,111)
Transactions with shareholders						
Issue of share capital	-	-	-	-	-	-
Cost of share issue	-	(114)	-	-	-	(114)
Share-based payments	-	-	-	1,008	-	1,008
Total transactions with shareholders	-	(114)	-	1,008	-	894
Balance at December 31, 2009	13,455	153,748	(88,374)	11,220	16,555	106,604
Comprehensive loss for the period	-	-	(11,321)	-	-	(11,321)
Transactions with shareholders						
Issue of share capital	5,262	54,663	-	-	-	59,925
Cost of share issue	-	(2,169)	-	-	-	(2,169)
Share-based payments	-	-	-	3,260	-	3,260
Exercise of options	20	168	-	(60)	-	128
Total transactions with shareholders	5,282	52,662	-	3,200	-	61,144
Balance at June 30, 2010	18,737	206,410	(99,695)	14,420	16,555	156,427

The option reserve and warrant reserve are denoted together as “other reserves” on the interim consolidated statement of financial position. These reserves are non distributable.

Tethys Petroleum Limited

Consolidated Statement of Cash Flows

(Unaudited)

For the three and the six months ended June 30, 2010

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash flow from operating activities				
Loss before taxation for the period	(1,889)	(5,593)	(9,794)	(11,609)
Adjustments for				
Share based payments	2,067	916	3,260	1,620
Net finance cost	74	727	383	1,020
Unsuccessful exploration and evaluation expenditures	-	109	-	126
Depreciation, depletion and amortization	1,358	1,398	2,050	1,915
Payment of royalties	(78)	-	(78)	-
Fair value gain (loss) on derivative financial instrument	(2,973)	101	(472)	61
Listing expenses	-	-	351	-
Net unrealised foreign exchange loss	(32)	(83)	1	1,167
Loss from jointly controlled entity	94	-	244	-
Deferred revenue	(454)	-	(1,363)	-
Net change in non-cash working capital	(1,858)	1,243	(3,644)	(7)
Net cash used in operating activities	(3,691)	(1,182)	(9,062)	(5,707)
Cash flow from investing activities				
Interest received	22	19	25	49
Expenditure on exploration and evaluation assets	(5,713)	(3,056)	(7,483)	(9,006)
Expenditures on property, plant and equipment	(1,603)	(1,722)	(4,276)	(6,009)
Investment in restricted cash	1	(11)	(27)	(19)
Acquisition of subsidiary, net of cash received	-	532	-	532
Payments made on behalf of jointly controlled entity	(4,889)	-	(7,169)	-
Movement in advances to construction contractors	(2,173)	234	(3,200)	1,154
Value added tax receivable	(873)	31	(1,324)	(44)
Net change in non-cash working capital	742	85	732	178
Net cash used in investing activities	(14,486)	(3,888)	(22,722)	(13,165)
Cash flow from financing activities				
Proceeds from issuance of short-term borrowings	-	2,500	-	2,500
Repayment of short-term borrowings	-	(2,500)	-	(2,500)
Proceeds from issuance of long-term borrowings	-	-	1,840	-
Repayment of long-term borrowings	(358)	(152)	(705)	(364)
Interest paid on long-term borrowings and other non-current payables	(182)	(230)	(375)	(392)
Other non-current liabilities	(75)	(20)	(145)	(42)
Proceeds from issuance of equity, net of issue costs	112	18,019	54,134	18,019
Net cash generated from financing activities	(503)	17,617	54,749	17,221
Effects of exchange rate changes on cash and cash equivalents	(15)	36	(30)	-
Net increase / (decrease) in cash and cash equivalents	(18,695)	12,583	22,935	(1,651)
Cash and cash equivalents at beginning of the period	48,927	7,966	7,297	22,200
Cash and cash equivalents at end of the period	30,232	20,549	30,232	20,549